



# THE MOTIM FUND

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## PROSPECTUS

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This document is the Prospectus of The MOTIM Fund and is dated, and valid, as at 21 March 2023. This document replaces any previous Prospectuses issued by the Company.

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

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

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## **THE MOTIM FUND**

***If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000.***

The Authorised Corporate Director ('ACD'), Thesis Unit Trust Management Limited, has taken all reasonable care to ensure that the information contained in this document is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything material to such information. The ACD accepts responsibility accordingly.

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

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Any person wishing to apply for Shares should inform himself as to the requirements within his own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.

The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. The Company have not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

**This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.**

**Purchases must be made on the basis of the information contained in 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.**

**Obligations have been imposed on financial sector professionals to prevent the use of funds such as The MOTIM Fund for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.**

**Neither the ACD nor any of its officers, representatives or advisers, nor any of the other Directors, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.**

**This Prospectus and its contents are confidential and should not be distributed or published in any circumstances. No part of this Prospectus may, be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the ACD.**

#### **GENERAL WARNING FOR INVESTORS**

- ***Collective investment schemes should be regarded as long term investments.***
- ***The value of the Shares in the Company is not itself affected by market forces, but equates to the value of the Company's assets less the value of its liabilities.***
- ***The value of those investments and the income from them and consequently the value of the Shares and the income from them, can go down as well as up and is not guaranteed.***
- ***Past performance is not a reliable indicator of future performance.***
- ***Investors may not get back the amount originally invested.***
- ***Exchange rate changes may cause the value of overseas investments to rise or fall.***
- ***An investment in an open-ended investment company, such as the Company should be regarded as a longer-term investment.***
- ***Investors should be aware that the price of Shares, and the income from them, can fall as well as rise and investors may not receive back the full amount invested.***

- ***Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates which can be favourable or unfavourable.***
- ***Investors should be aware that concentrating the Company's investments in one country could increase the risks associated with investing in the Company's Shares.***
- ***Investors should consider the risk factors set out at paragraph 25.7.***

## THE MOTIM FUND PROSPECTUS

### 1. Introduction

1.1 This document is the Prospectus of The MOTIM Fund (the 'Company').

1.2 In this Prospectus the following words and expressions shall have the following meanings:

<b>'ACD'</b>	the authorised corporate director holding office as such from time to time pursuant to the Rules, being Thesis Unit Trust Management Limited and its successor or successors as authorised corporate director of the Company;
<b>'Act'</b>	the Financial Services and Markets Act 2000;
<b>'AIF'</b>	as defined in the FCA Glossary;
<b>'AIFM'</b>	an alternative investment fund manager;
<b>'AIFMD'</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010;
<b>'AIFMD Level 2 regulation'</b>	as defined in the FCA Glossary;
<b>'AIFMD UK regulation'</b>	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773);
<b>'Approved Bank'</b>	<p>in relation to a bank account opened on behalf of the Company:</p> <p>a) if the account is opened at a branch in the United Kingdom;</p> <p>i) the Bank of England; or</p> <p>ii) the central bank of a member state of the OECD; or</p> <p>iii) a bank; or</p> <p>iv) a building society; or</p> <p>v) a bank which is supervised by the central bank or other bank regulator of a member state of the OECD; or</p> <p>b) if the account is opened elsewhere:</p> <p>i) a bank in a); or</p> <p>ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</p> <p>c) a bank supervised by the South African Reserve</p>

	Bank; and
	d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,
	as such definition may be updated in the FCA Glossary from time to time;
<b>'Business Day'</b>	any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open for business in the City of London;
<b>'CASS'</b>	the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time;
<b>'Class' or 'Classes'</b>	in relation to Shares, means a particular class or classes of Share;
<b>'COLL'</b>	the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook of rules made under the Act as may be amended or replaced from time to time;
<b>'Data Protection Laws'</b>	all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances: <ul style="list-style-type: none"> <li>1) the UK GDPR;</li> <li>2) the Data Protection Act 2018;</li> <li>3) any laws which implement any such laws;</li> <li>4) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</li> <li>5) any guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding);</li> </ul>
<b>'Depository'</b>	the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depository Services Limited and its successor or successors as depository;
<b>'Depository Agreement'</b>	the agreement between the ACD and the Depository;
<b>'Directors'</b>	the directors of the Company for the time being or, as the case may be, the directors assembled as a



	board (including any committee of such board);
<b>'EEA State'</b>	as defined in the FCA Glossary;
<b>'Eligible Institution'</b>	as defined in the FCA Glossary;
<b>'EMIR'</b>	as defined in the FCA Glossary;
<b>'ERISA Plan'</b>	(i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan's investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans);
<b>'EUWA'</b>	as defined in the FCA Glossary;
<b>'FATCA'</b>	the Foreign Account Tax Compliance Act (US);
<b>'FCA'</b>	the Financial Conduct Authority or any successor body. The address, for the FCA, is set out in Appendix E;
<b>'FCA Glossary'</b>	the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time;
<b>'FCA Handbook'</b>	the FCA's Handbook of rules and guidance as amended from time to time;
<b>'FCA Rules'</b>	the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either;
<b>'Financial Instruments'</b>	as defined in the FCA Glossary;
<b>'FUND'</b>	the Investment Funds sourcebook published by the FCA as part of their Handbook made under the Act as it may be amended or replaced from time to time;
<b>'Fund Accountant'</b>	the person who provides fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant;
<b>'Home State'</b>	as defined in the FCA Glossary;
<b>'Instrument of Incorporation'</b>	the instrument of incorporation constituting the Company, as amended from time to time;
<b>'Investment Manager'</b>	each of the investment managers retained by the Company and the ACD pursuant to the FCA Rules, being Ruffer LLP, Thesis Asset Management Limited and Charles Stanley & Co. Limited and their respective successor or successors as investment managers to the Company;

<b>'Net Asset Value' or 'NAV'</b>	the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation;
<b>'Non-UCITS retail scheme'</b>	in accordance with the FCA Handbook, an authorised fund which is neither a UK UCITS, a qualified investor scheme nor a long-term asset fund;
<b>'OECD'</b>	the Organisation for Economic Co-operation and Development;
<b>'OEIC Regulations'</b>	the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);
<b>'Register'</b>	the register of Shareholders of the Company;
<b>'Registrar'</b>	the person who maintains the register, being Northern Trust Global Services SE, UK branch and its successor or successors as registrar;
<b>'Regulations'</b>	the OEIC Regulations and the FCA Handbook (including COLL);
<b>'Rules'</b>	the FCA Rules and any other regulations that may be made under section 262 of the Act and for the time being in force;
<b>'Scheme Property'</b>	as defined in the FCA Glossary;
<b>'Shareholder'</b>	a holder of registered in the Company;
<b>'Shares' or 'Share'</b>	shares in the capital of the Company;
<b>'SDRT'</b>	shall have the meaning ascribed to it by paragraph 20.1(C);
<b>'SYSC'</b>	the Senior Management Arrangement Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time;
<b>'UCITS'</b>	an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary;
<b>'UCITS Directive'</b>	the European Parliament and Council Directive of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) as amended;
<b>'UK AIF'</b>	as defined in the FCA Glossary;
<b>'UK AIFM'</b>	as defined in the FCA Glossary;
<b>'UK AIFM regime'</b>	(a) the AIFMD UK regulation; (b) the AIFMD Level 2 regulation; and

(c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK;

**'UK GDPR'**

Regulation 2016/679 of the European Parliament and of the Council of 27<sup>th</sup> April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union;

**'UK UCITS'**

as defined in the FCA Glossary;

**'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 Persons'**

a person as described in any of the following paragraphs:

1. With respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act. The Regulation S definition is set out below. Even if you are not considered a US Person under Regulation S, you can still be considered a "US Person" within the meaning of this Prospectus under Paragraphs 2, 3 and 4, below;
2. With respect to any person, any individual or entity that would be excluded from the definition of "Non-United States person" in Commodity Futures Trading Commission ("CFTC") Rule 4.7. The definition of "Non-United States person" is set out below;
3. With respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under US income tax laws; or
4. With respect to persons other than individuals, (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the authority to

control all substantial decisions of the trust and (iii) an estate which is subject to US tax on its worldwide income from all sources;

#### **Regulation S definition of US Person**

1. Pursuant to Regulation S of the 1933 Act, "US Person" means:
  - i. any natural person resident in the United States;
  - ii. any partnership or corporation organised or incorporated under the laws of the United States;
  - iii. any estate of which any executor or administrator is a US person;
  - iv. any trust of which any trustee is a US person;
  - v. any agency or branch of a foreign entity located in the United States;
  - vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
  - vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - viii. any partnership or corporation if:
    - (A) organised or incorporated under the laws of any non-US jurisdiction; and
    - (B) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts;
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "US Person";
3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall

not be deemed a "US Person" if:

- (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by non-US law;
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a "US Person" if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";
6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:
- (i) the agency or branch operates for valid business reasons; and
  - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

The ACD may amend the definition of "US Person" without notice to Shareholders as necessary in order best to reflect then-current applicable US law and regulation. Contact your investment adviser for a list of persons or entities that are deemed to be "US Persons";

#### **"Non-United States persons" definition**

CFTC Rule 4.7 currently provides that the following

persons are considered "Non-United States persons":

1. a natural person who is not a resident of the United States or an enclave of the US government, its agencies or instrumentalities;
2. a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;
3. an estate or trust, the income of which is not subject to US income tax regardless of source;
4. an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that shares of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
5. a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

**'Valuation Point'**

shall have the meaning ascribed to it by paragraph 16;

**'VAT'**

value added tax;

**'1933 Act'**

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

**'1940 Act'**

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

- 1.3 Headings used in this Prospectus are for convenience only and shall not affect their meaning or legal effect.
- 1.4 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.

- 1.5 References to the plural shall include the singular and vice versa.
- 1.6 Unless otherwise defined in paragraph 1.2 above or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.
- 1.7 References to statutes, statutory provisions or regulations (including any provision of the FCA Handbook) shall include those statutes, provisions, regulations, or provision of the FCA Handbook as amended, extended, consolidated, substituted or re-enacted from time to time and, in particular, references to Regulations and/or Directives of the European Union shall, where appropriate, include all domestic law and regulation enacted (or re-enacted) for the purpose of bringing such European Union law and regulation into domestic law and regulation.

## **2. The Company**

- 2.1 The Company is an authorised investment company with variable capital for the purposes of the Act.
- 2.2 The Company is a Non-UCITS retail scheme, being a category of authorised scheme for the purposes of COLL 1.2.1R. For the purposes of FUND and the UK AIFM regime the Company is a UK AIF.
- 2.3 Shareholders are not liable for the debts of the Company.
- 2.4 The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. This is the address in the UK for service on the Company of notices or other documents required or authorised to be served on it.
- 2.5 The Company was authorised by the Financial Services Authority\* pursuant to an authorisation order dated 22 August 2007. The Company was launched on 30 January 2008. The Company registration number is IC000570 and the FCA product reference number is 470295.

\*The Financial Services Authority was superseded by the FCA and the Prudential Regulation Authority.

- 2.6 The base currency of the Company is pounds sterling.
- 2.7 The minimum share capital of the Company is £1,000,000 (one million pounds) and the maximum share capital is £500,000,000 (five hundred million pounds).
- 2.8 The Company is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The ACD takes reasonable steps to ensure that each investment transaction carried out within the Company is suitable for the Company, having regard to the investment objective and policy of the Company.

This Prospectus is intended to provide information about the Company to potential investors.

- 2.9 Historical performance for the Company, compared against historical performance of the target benchmark (paragraph 4.3) is set out in Appendix B.
- 2.10 The Company will at all times be invested so as to render the Shares as qualifying investments for the purposes of stocks and shares component under the Individual Savings Account Regulations 1998 (as amended).

2.11 Details of the Company, including its investment objective and policy, are contained in section 4 of this Prospectus.

2.12 **Winding-up the Company**

- (a) The Company will continue until wound up in accordance with the Rules.
- (b) The Company may be wound up under chapter 7.3 of COLL or as an unregistered company under Part V of the Insolvency Act 1986. Winding up of the Company under COLL is only permitted (a) when effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the affairs of the Company and (b) a statement has been prepared and sent to the FCA under COLL 7.3.5 R ("solvency statement") and received by the FCA prior to satisfaction of the conditions set out in this paragraph.
- (c) Subject to the foregoing, the Company will be wound up under COLL:
  - i. if an extraordinary resolution of Shareholders of the Company to that effect is passed;
  - ii. when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation or any event occurs, for which the Instrument of Incorporation provides that the Company is to be wound up; or
  - iii. on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company; or
  - iv. 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
  - v. in the case of a fund that is an umbrella, on the date on which all of its sub-funds ceasing to hold any Scheme Property or have otherwise ceased to hold any Scheme Property despite that the fund may have assets and liabilities that are not attributable to any particular sub-fund.
- (d) If any of the events set out in paragraph (c) above occur, the FCA Rules concerning pricing and dealing and investment and borrowing powers will cease to apply. The Company must cease to issue cancel, sell or redeem shares except in respect of final calculation under COLL 7.3.7(R).
- (e) The ACD must, as soon as practicable after winding up has commenced, cause the Scheme Property to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders.
- (f) Shareholders will be notified of any proposal to wind up the Company. On commencement of such winding up the Company will cease to issue and cancel shares and transfers of such shares shall cease to be registered.
- (g) On completion of the winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of



dissolution.

### 3. **Shares**

- 3.1 The Company may issue different classes of Shares. Income and accumulation Shares are currently available in the Company.
- 3.2 Holders of income Shares are entitled to be paid the income (if any) attributed to such Shares on the relevant interim and annual allocation dates.
- 3.3 Income on accumulation Shares is not distributed but is accumulated, being automatically reinvested after the annual accounting reference date and interim yearly accounting dates.
- 3.4 Where the Company has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Company will be adjusted accordingly.
- 3.5 The price of the Shares is expressed in pounds Sterling and the shares themselves have no nominal value.
- 3.6 The rights attaching to the Shares may be expressed in two denominations and the proportion of a larger denomination Share represented by a smaller denomination share shall be one thousandth of the larger denomination share.
- 3.7 Names and addresses of Shareholders will be entered in the Register to evidence title to the Shares. Shareholders will not be issued with a certificate. The ACD will impose no requirements nor will Shareholders have any special rights or entitlements with respect to the transfer of their holding or exchange of their shares to or for shares in any other fund operated by the ACD.

### 4. **Investment Objective, Investment Policy, Performance Target, Performance Comparator and Investor Profile**

#### 4.1 **Investment Objective**

The Company aims to achieve a positive growth in value (with a combination of income and growth of capital), with a target return of the UK Retail Prices Index (the **RPI**), net of fees, with lower volatility than the Morningstar UK NR GBP index, on average, over 5 year rolling periods.

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

#### 4.2 **Investment Policy**

The Investment Managers adopt a flexible investment strategy and may invest in some or all sectors, including money markets, in some or all world markets, (including the UK) in order to best take advantage of economic opportunities worldwide.

The primary assets in which the Company will invest will be equities, fixed income investments (for example, corporate and government bonds) and other transferable securities. The Company may also invest in Exchange Traded Notes and Exchange Traded Commodities, money market instruments, deposits, cash and near cash investments and alternatives (for example, gold, commodities and infrastructure). However, the Company will only hold alternatives indirectly via permitted instruments such as collective investment vehicles.

The composition of the Scheme Property as between equities and fixed income and other assets, will vary over time in response to the Investment Managers' views of the economic and market environment.

Between 50% and 100% of the above exposure will be gained through the use of collective investment vehicles (including those managed by the ACD or its associates or the Investment Managers or their associates), which may include investment trusts, Exchange Traded Funds and Index Funds. Typically regulated collective investment vehicles will be used but unregulated collective investment vehicles may also be used in accordance with the FCA Rules. The allocation to collective investment vehicles will vary within the range of 50-100% depending on markets and to take advantage of the expertise available via such collective investment vehicles. All other exposure will be attained from direct investments.

**Derivatives may be used for the purpose of hedging, 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 of the Company 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 Managers with different investment styles to achieve the investment objective. Allocations to the Investment Managers 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 Managers will actively manage the Company. This means the Investment Managers actively make decisions about how to invest the Scheme Property (and which investments to buy and sell) instead of simply following a market index.

#### 4.3 **Performance Target and Performance Comparator**

The Company's performance is measured against the RPI. The RPI has been selected as a performance target because it is a key measure of consumer inflation in the United Kingdom. The Company aims to deliver positive returns in excess of the RPI, on average, over 5 year rolling periods. The RPI is therefore an appropriate target for the Company.

The Company also uses the ARC Sterling Steady Growth PCI peer group for performance comparison purposes only. The benchmark is not a target benchmark and the Company is not constrained by it. The ARC Sterling Steady Growth PCI peer group is a risk based index that is designed to provide an accurate reflection of the actual returns an investor can expect for a given risk appetite. For the ARC Sterling Steady Growth PCI peer group, the relative risk to equity markets is 60 - 80%. This peer group has been selected as a comparator because this risk to equity markets is closely aligned with the Company's investment policy.

The ACD reserves the right to change the performance comparator following consultation with the Depositary and in accordance with the rules in COLL. 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 COLL and the change noted in subsequent annual and half yearly reports.

#### 4.4 **Investor profile**

The Company is suitable for any investor type, including those who are not interested in or informed about capital market topics, but who see investment funds as a convenient "savings" product. It is also suitable for more experienced investors wishing to attain defined investment objectives. The investor must be able to accept high losses, thus the Company is suitable for investors who can afford to set aside capital for at least five to ten years. For investors holding a portfolio of securities, it can play the role of a core position.

### 5. **Limitations on type of investments**

- 5.1 All the Scheme Property of the Company must be invested in any or all of the following assets: transferable securities, money market instruments, deposits and units in collective investment schemes, except that derivatives may be held for hedging purposes only, and cash or near cash may be held for the pursuit of the Company's investment objectives or redemption of shares or for the efficient management of the Company in accordance with its investment objectives or any other purpose reasonably regarded as ancillary to the investment objectives of the Company. From time to time the Company may have a higher than usual level of liquidity if the ACD considers that to be in the interests of Shareholders.
- 5.2 The investment objectives and policy set out in paragraph 4 are subject to the limits on investment under the FCA Rules and as set out in this Prospectus. These limits are summarised below.
- 5.3 The Company will not maintain an interest in immovable property or tangible movable property.
- 5.4 Normally, the Scheme Property will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of Shares) and efficient management of the Company both generally and in relation to its investment objectives and policy. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 30% of the total value of the Scheme Property, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased.

#### 5.5 **Permitted types of Scheme Property**

Investments permitted for the Company are as follows:

##### (a) **Approved securities**

The Scheme Property may be invested in approved securities, with no maximum limit. An approved security is a transferable security that is admitted to an official listing in the UK or an EEA State or is traded under the rules of an eligible securities market (otherwise than by specific permission of the market authority). An eligible market is a regulated market that is open to the public and regularly traded: further details are set out in paragraph (j) below.

Recently issued transferable securities may also be treated as approved securities provided that:

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

b) such admission is secured within a year of issue.

**(b) Transferable securities**

Transferable securities are, in general terms, shares, debentures, government and public securities, warrants or certificates representing certain securities (as such terms as defined in the FCA Glossary). Not more than 20% in value of the Scheme Property can be invested in transferable securities which are not approved securities.

The Scheme Property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to foresee 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 requirements of the FCA Rules.

**(c) Money market instruments**

The Scheme Property may be invested in money market instruments which are:

- (a) admitted to or dealt in on an eligible market; or
- (b) subject to a limit of 20% in value of the Scheme Property, liquid and have a value which can be determined accurately at any time.

**(d) Derivatives and Forward Transactions**

A transaction in derivatives or a forward transaction must not be effected for the Company unless:

- (a) the transaction is of a kind specified in COLL, as summarised below; and
- (b) the transaction is covered, as required by COLL 5.3.3AR.

Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading "Spread" below.

Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with these requirements.

Where the Company invests in an index based derivative, provided the relevant index falls within the relevant requirements of COLL the underlying constituents of the index do not have to be taken into account for the purposes of restrictions on spread, subject to the ACD taking account of COLL in relation to prudent spread of risk.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

A transaction in a derivative must not cause the Company to diverge from its investment objectives as stated in the Company's Instrument of Incorporation and in this Prospectus.

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, money market instruments, units in collective investment

schemes, or derivatives.

Any forward transaction must be with an approved counterparty under COLL.

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

- (a) unless the obligation to make the disposal and any other similar obligations could immediately be honoured by the Company by delivery of property or the assignment of rights; and
- (b) the property and rights at (a) are owned by the Company at the time of the agreement.

The Company may only invest in derivatives in respect of which the underlying element consists of foreign exchange rates or currencies.

The transaction alone or in combination must be reasonably believed by the ACD to diminish a risk of a kind or level which it is sensible to reduce.

Each derivative transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

**Approved derivatives transactions are used for the purpose of hedging only and they may not be used in speculative transactions. It is, therefore, anticipated that the outcome of the use of derivatives would be to hedge against currency risks, and to reduce, rather than to increase, the risk profile of the Company. Movements in currencies may, however, render such hedging ineffective.**

(e) **Deposits**

**The Company may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.**

(f) **Collective investment schemes**

The Company may invest in units in a collective investment scheme (the '**second scheme**') provided that the second scheme satisfies all of the following conditions:

- (a) it must:
  - (i) be a UK UCITS or satisfy 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 (as defined in the FCA Glossary); or
  - (iii) be a Non-UCITS retail scheme; or
  - (iv) it is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS retail scheme; or
  - (v) is a scheme not falling within (i) to (iv) and in respect of which no more than 20% in value of the Scheme Property (including

any transferable securities which are not approved securities) is invested;

- (b) the second scheme operates on the principle of the prudent spread of risk;
- (c) the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes; and
- (d) the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:
  - i. related to the net value of the property to which the units relate; and
  - ii. determined in accordance with the scheme.
- (e) where the second scheme is an umbrella, the provisions in (2) to (4) and COLL 5.6.7 R (Spread: General) apply to each sub-fund as if it were a separate scheme.

A list of the locations of the establishment of any second schemes which the Company may invest in from time to time is shown in Appendix D.

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

Subject to the restrictions above, investment may be made in other collective investment schemes managed by the ACD or an associate of the ACD, provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.

(g) **Warrants**

The Company may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below.

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities.

**A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.**

**If the Company used Warrants for investment purposes, the net asset value of the Company may in consequence be more highly volatile at times and this may increase the risk of investing in the Company. However, it is the ACD's intention that the Company owing to its portfolio composition or the portfolio management techniques used will not have volatility over and above the general market volatility of the markets of its underlying investments.**

(h) **Spread: General**

- i. This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 5.5(i) applies.
- ii. The specific limits are set out as follows:
  - (a) not more than 20% in value of the Scheme Property is to consist of deposits with a single body;
  - (b) not more than 10% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by a single body (except that the limit of 10% is raised to 25% in value of the Scheme Property in respect of covered bonds); and
  - (c) not more than 35% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- iii. In applying the limit under paragraph (b) above, certificates representing certain securities are to be treated as equivalent to the underlying securities;
- iv. For the purposes of this paragraph (h), a single body is: (a) in relation to transferable securities and money market instruments, the person by whom they are issued; and (b) in relation to deposits, the person with whom they are placed.

(i) **Spread: Government and Public Securities**

- (a) The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:
  - the UK or an EEA State;
  - a local authority of the UK or an EEA State;
  - a non-EEA State; or
  - a public international body to which the UK or one or more EEA States belong.
- (b) **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.**
- (c) **The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body, provided that:**
  - **the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Company;**
  - **no more than 30% in value of the Scheme Property consists of such securities of any one issue; and**

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

(d) In relation to such securities:

- issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 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.

(e) Notwithstanding paragraph 5.5(h)i and subject to paragraph 5.5(h)ii(a) and 5.5(h)iv in applying the 20% limit in paragraph 5.5(h)ii(a) with respect to a single body, such securities issued by that body shall be taken into account.

(f) **More than 35% in value of the Scheme Property may be invested in such securities issued by:**

- **the government of the United States of America;**
- **the government of Canada; and**
- **the government of the United Kingdom.**

(j) **Eligible markets**

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FCA Rules.

Eligible markets include any market established in the UK or a member of state of the European Economic Area ('**member state**') on which transferable securities and money market instruments admitted to official listing in the member state are dealt in or traded.

In the case of all other markets, in order to qualify as an eligible market, the ACD, after consultation with the Depositary, must be satisfied that the relevant market:

- (a) is regulated;
- (b) operates regularly;
- (c) is recognised;
- (d) is open to the public;
- (e) is adequately liquid; and
- (f) has adequate arrangements for unimpeded transmission of income and capital to, or to the order, of investors.

The eligible securities markets for the Company are set out in Appendix A to this Prospectus.

Eligible derivatives markets are markets which the ACD, after consultation with and notification of the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to



the relevant criteria set out in the FCA Rules and the guidance on eligible markets issued by the FCA (as amended from time to time).

The eligible derivatives markets for the Company are set out in Appendix A to this Prospectus.

(k) **General**

The Company may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.

6. **Borrowing**

- 6.1 The Company may, in accordance with the FCA Rules and this paragraph, and with the instructions of the ACD, borrow sums of money for the use of the Company on terms that the borrowing is repayable out of the Scheme Property. The power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.
- 6.2 Such borrowings must be made from Eligible Institutions or Approved Banks as provided in the FCA Rules. Borrowings must not exceed 10 per cent of the value of the Scheme Property on any Business Day. Borrowings may be made from the Depositary or an associate of it, provided that they are at a normal commercial interest rate and on arm's-length terms.
- 6.3 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes, i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

7. **Efficient portfolio management**

- 7.1 The ACD may utilise the property of the Company to enter into transactions for the purpose of efficient portfolio management. There is no limit on the amount of the property of the Company which may be used for these purposes, but there are three broadly based requirements which the ACD has adopted:
  - (a) The transactions must be **economically appropriate** for the purposes of efficient portfolio management.
  - (b) The exposure must be **fully covered** by cash or other property sufficient to meet any obligation to pay or deliver that could arise.
  - (c) The transactions must be entered into for one or more three specific aims, namely:
    - (a) the reduction of risk;
    - (b) the reduction of cost; or
    - (c) the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.
  - (d) The first two aims, together or separately, allow for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.
  - (e) Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the

underlying Scheme Property away from a currency which the ACD considers to be unduly prone to risk.

## 7.2 Economically Appropriate

- (a) The guidelines adopted by the ACD, under which the Company will operate are:
- (b) Any transaction must be one which (alone or in combination with one or more of others) is reasonably believed by the Company to be economically appropriate to the efficient portfolio management of the Company.
- (c) This means that the ACD reasonably believes risk that:
  - (a) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
  - (b) for transactions undertaken to generate additional capital or income, the Company is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;
- (d) The transaction may not be entered into if its purpose could reasonably be regarded as speculative.
- (e) Where the transaction relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within that reasonable time.

**Efficient portfolio management techniques may be utilised by the Company when considered appropriate.**

## 8. **Reporting, distributions and accounting dates**

- 8.1 The Company's accounting reference date, accounting periods and income allocation dates are:

Accounting reference date	5 April
Annual income allocation date	5 August
Interim accounting date	5 October
Interim income allocation date	5 February

- 8.2 Distributions of income by the Company are made on or before the annual income allocation date and on or before the interim income allocation date in each year. Shareholders resident outside the UK will be sent notice by post to their registered address that a distribution has been made.
- 8.3 Each holder of income Shares is entitled, on the interim income allocation date and the annual income allocation date, to the income attributable to his holding. Income distributions will be paid in pounds sterling.
- 8.4 The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

- 8.5 Any distribution that remains unclaimed for a period of six years after the distribution became due for payment will be forfeited and shall revert to the Company.
- 8.6 The income available for distribution is determined in accordance with the FCA Rules. It comprises all income received or receivable for the account of the Company in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Directors consider appropriate, after consulting with the Company's Auditors, in accordance with the FCA Rules, in relation to taxation and other matters.
- 8.7 On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation and the FCA Rules, is paid to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the shareholder's nominated bank account. If the income allocation date is a non-Business Day, payment will be made on the next Business Day.
- 8.8 Copies of the long reports for the Company will be published, and made available, within four months after the end of the annual accounting period.

Copies of these reports will be available, for inspection, at the head office of the ACD. Please refer to the Directory at Appendix E for details of the ACD's address.

## **9. Meetings and voting rights**

- 9.1 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.
- 9.2 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.
- 9.3 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 at a general meeting of the Shareholders.
- 9.4 A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.
- 9.5 Shareholders will receive at least 14 days' notice of any meeting of Shareholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy. For the purposes of the FCA Rules the quorum at a meeting of Shareholders shall be two Shareholders present in person or by proxy.
- 9.6 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.
- 9.7 In the context of voting, 'Shareholders' means the persons who were entered on 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 the

meeting.

- 9.8 On a show of hands, every Shareholder who is present shall have one vote.
- 9.9 On a poll:
- (a) votes may be given either personally or by proxy;
  - (b) the voting rights attached to each Share are 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 the Shares in issue, at the date specified in the FCA Rules; and
  - (c) a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all his votes in the same way.
- 9.10 For joint Shareholders of a Share, only the vote of the first-named in the Register can be taken.
- 9.11 The ACD shall not be counted in the quorum of, nor shall the ACD or any of its associates vote at, any meeting of Shareholders, save where Shares are held on behalf of, or jointly with, a person who, if himself the registered Shareholder, would be entitled to vote and from whom the ACD or its associates have received voting instructions.
- 9.12 For the purpose of voting, Shares held, or treated as held, by the ACD must not, save as mentioned in paragraph 9.11, be regarded as being in issue.
- 9.13 In the event that the Company is wound up for whatever reason, the Shareholders will be unable to buy or sell Shares once the winding-up has commenced. This will be the date when dealing in Shares ceases.
- 9.14 Any notices or documents to be served on a Shareholder will be duly served if it is:
- (a) delivered to the Shareholder's address as appearing in the Register; or
  - (b) delivered by using an electronic medium in accordance 19 below.
- 9.15 Any notice or document left at a registered address, or delivered other than by post is deemed to have been served on that day.
- 9.16 Any document or notice to be served on, or information to be given to a Shareholder, must be in legible form. For this purpose any form is legible form which:
- (a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - (b) is capable of being provided in hard copy by the ACD;
  - (c) enables the recipient to know or record the time of receipt; and
  - (d) is reasonable in the context.
- 9.17 The Company will not hold annual general meetings.
- 9.18 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:

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

9.19 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

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

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

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

## 10. **The ACD**

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

10.2 The ACD is a UK AIFM for the purposes of the UK AIFM regime and, for the purposes of COLL, an authorised fund manager.

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

Telephone: 01243 531234

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

10.3 The ACD is authorised and regulated by the FCA and is authorised to carry on certain permitted regulated activities in the UK in accordance with the Act.

10.4 The directors of the ACD and their business occupations are as follows:

S R Mugford	Finance Director
D W Tyerman	Chief Executive Officer
S E Noone	Client Service Director

D K Mytnik	Non-Executive Director
V R Smith	Non-Executive Director
G Stewart	Independent Non-Executive Director
C J Willson	Independent Non-Executive Director
N C Palios	Non-Executive Chair

- 10.5 D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager to the Company and to other authorised funds operated by the ACD.
- 10.6 D K Mytnik, V R Smith and N C Palios also hold non-executive directorships of other companies within the Thesis group. They and C J Willson and G Stewart are not engaged in other business activities that are of significance to the Company.
- 10.7 The ACD is the sole director of the Company. Its main business is the establishment and operation of collective investment schemes.
- 10.8 The Agreement between the Company and the ACD (the '**ACD Agreement**') provide that the ACD manages and administers the Company in accordance with the Act and the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.
- 10.9 The ACD acts as authorised fund manager to other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Appendix C.
- 10.10 The ACD will cover at all times the risks outlined below of loss or damage caused by any relevant person through the negligent performance of activities for which the ACD has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules. In addition, the ACD holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules.
- 10.11 The risks which are specifically covered by this approach include, without being limited to, risks of:
- (a) loss of documents evidencing title of assets of the Company;
  - (b) misrepresentations or misleading statements made to the Company or its investors;
  - (c) acts, errors or omissions resulting in a breach of:
    - (a) legal and regulatory obligations;
    - (b) duty of skill and care towards the Company and its investors;
    - (c) fiduciary duties;
    - (d) obligations of confidentiality;
    - (e) the terms of the Instrument of Incorporation;

- (f) terms of appointment of the ACD by the Company;
- (d) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- (e) improperly carried out valuation of assets or calculation of Share prices;
- (f) losses arising from business disruption, system failures, failure of transaction processing or process management.

#### 10.12 **Conflicts**

- (a) Conflicts may arise between the interests of the ACD and its permitted delegates in certain circumstances, for example, where there is likelihood that:
  - (a) the delegate and an investor in a Company are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);
  - (b) the delegate makes a financial gain, or avoids a financial loss, at the expense of the Company or the investors in the Company;
  - (c) the delegate has an interest in the outcome of a service or an activity provided to the ACD or the Company;
  - (d) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Company or the investors in the Company; and
  - (e) the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Company in the form of monies, goods or services other than the standard commission or fee for that service.

10.13 Although conflicts of interest can also arise where the delegate and the ACD are members of the same group or have any other contractual relationship and the delegate controls the ACD or has the ability to influence its actions, it is not currently considered that there are material existing conflicts of interest between the ACD and Thesis Asset Management Limited (in its role as one of the Investment Managers).

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

#### 11. **Depository**

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

The ultimate holding company of the Depository is NatWest Group plc which is

incorporated in Scotland.

The registered office address of the Depositary is at 250 Bishopsgate, London EC2M 4AA. The Depositary's head office address is 440 Strand, London WC2R 0QS. The address of its office which handles matters relating to Company, is set out in Appendix E.

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

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

#### Duties of the Depositary

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

#### **Terms of appointment**

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

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

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

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

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

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

The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or insolvency of



a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

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

Details of the fees payable to the Depositary are set out in the "Payments out of Scheme Property" section of this Prospectus at paragraph 15.5.

### **Conflicts of Interest**

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company, one or more Shareholders, the ACD and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

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

## **12. The Administrator and Fund Accountant**

12.1 The ACD has delegated the function of administrator and fund accountant to Northern Trust Global Services SE, UK branch.

12.2 The address for the registered office of Northern Trust Global Services SE, UK branch is set out in Appendix E.

### **12.3 The Registrar and Register**

- (a) Northern Trust Global Services SE, UK branch is appointed as registrar of the Company.
- (b) The Registrar maintains the Register which is kept at the Registrar's offices located at 50 Bank Street, Canary Wharf, London E14 5NT. The Register may be inspected during normal business hours.

### 13. **Investment Managers**

- 13.1 The ACD is responsible for the overall investment management and administration of the Company.
- 13.2 The ACD has delegated responsibility for investment management to the following Investment Managers:
- (a) **Ruffer LLP**, a limited liability partnership incorporated in England.
  - (b) **Thesis Asset Management Limited**, a private limited company incorporated in England.
  - (c) **Charles Stanley & Co. Limited**, a private limited company incorporated in England.
- 13.3 Thesis Asset Management Limited is the only Investment Manager connected with the ACD, as it is in the same group as the ACD.
- 13.4 The remit of each of the Investment Managers will be to manage that part of the Scheme Property of the Company allocated to them by the ACD in accordance with the investment objective set out in this Prospectus.
- 13.5 Each Investment Manager is authorised by the FCA and is authorised to carry on regulated activities in the UK.
- 13.6 Each Investment Manager's respective registered office or principal place of business is set out in Appendix E.
- 13.7 The Investment Managers may only sub-delegate its functions with the prior consent of the ACD.
- 13.8 The appointment of the Investment Managers has been made under an agreement between the ACD and each respective Investment Manager. The Investment Management Agreements contain provisions to the following effect:
- (a) the ACD will indemnify the Investment Manager against certain losses incurred by the Investment Manager but, in the absence of fraud, the ACD's liability will be limited to the assets of the Company available to meet such a claim;
  - (b) the Investment Manager will be liable for certain losses suffered by the ACD or the Company, subject, in the absence of fraud, to certain limitations on the Investment Manager's liability;
  - (c) the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
  - (d) the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.
- 13.9 The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:
- (a) By investing in the Company through Electronic Communications, by telephone or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the ACD, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Shares.

- (b) The provisions of the scheme documents made between the ACD and the Depositary by way of which the Company is constituted, as the same may be amended from time to time are binding on each of the Shareholder (who are taken to have notice of them) as if that Shareholder was a party to it with effect on and from the date that any person has become a Shareholder.
- (c) The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales. The Company, the ACD and the shareholders of the Company will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of, or in connection with, a shareholder's investment in the Company, or any related matter.
- (d) The scheme documents may be amended by agreement between the ACD and the Depositary.
- (e) Absent a direct contractual relationship between a Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a shareholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself or the ACD acting on behalf of the Company, as the case may be.
- (f) The Investment Managers may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the funds and fund managers; they may also utilise the same or similar strategies as those adopted by the fund managers. The Investment Managers may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Managers may make investments in other funds managed or advised by them.

13.10 Each Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. Each Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy.

13.11 The sole activity of each Investment Manager is investment management and related activities. Each Investment Manager is authorised to deal on behalf of the Company.

13.12 Each Investment Manager is required to comply with its own execution policy. A copy of each of the Investment Manager's execution policy may be available on the respective Investment Manager's website (listed at Appendix E), on request from the ACD.

13.13 Details of the Investment Managers' fees are set out in paragraph 15.4 below.

#### 14. **Auditors**

14.1 The Auditors of the Company are Grant Thornton UK LLP whose address is set out in Appendix E.

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

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

## 15. **Payments out of Scheme Property**

### 15.1 **Preliminary charge**

The ACD may receive, or waive in part or in whole, a preliminary charge upon the sale or purchase of Shares. The current preliminary charge is 7%. Out of the preliminary charge the ACD may pay commission to qualifying intermediaries, including the Investment Managers and their associates. If not waived, the preliminary charge will be charged upon the sale or purchase of Shares.

### 15.2 **Dilution Levy**

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Share price, for example, due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect ('**dilution**'), the ACD has the power to charge a '**dilution levy**' on the sale and/or redemption of Shares but currently only intends to do so in respect of '**large deals**' (which for these purposes are deals in respect of Shares exceeding the sum of £1,000,000 in value). Any dilution levy will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged where the Scheme Property is in continual decline or in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy. If a dilution levy is not charged in such circumstances, this may have an adverse effect on the future growth of the Scheme Property.

It is not possible to predict accurately whether dilution will occur at any future point in time. Based on future projections, the ACD expects that the vast

majority of sales and/or redemptions of Shares will be 'large deals' and that a dilution levy may be charged on the majority of deals.

The amount of the dilution levy will not exceed 3% of the value of the transaction before the imposition of the levy. The rate is estimated by the ACD based on historical data. This figure is based on the ACD's projections of the likely impact of deals to which the dilution levy is applied on remaining Shareholders.

### 15.3 **Redemption charge**

The ACD does not intend to make any charge (other than possibly a dilution levy) on the redemption of the Shares.

### 15.4 **Periodic charge**

The ACD receives a periodic charge for managing the Company at a rate per annum of the value of the property of the Company accruing daily and payable out of the property of the Company. The rate of the periodic charge is up to 1.25% p.a. (currently 0.8%).

The periodic charge in respect of the Company will be treated as an income charge and will be paid monthly in arrears.

The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus.

#### Investment Managers' fees

The ACD is responsible for the payment of the fees of the Investment Managers and those of any sub-advisers.

Research costs will be paid for by the Investment Managers out of this fee and shall not be borne by the Company.

### 15.5 **Depositary's fees**

#### **Periodic fee**

The Depositary is paid a monthly periodic fee (plus VAT) in remuneration for its services from the Scheme Property of the Company. The Depositary's fee is calculated, on the value of the Scheme Property of the Scheme determined in accordance with the Instrument of Incorporation and COLL, and payable out of the property of the Company in accordance with COLL. For this purpose, the value of the Company is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point. The Depositary's fee shall accrue daily, and shall be calculated by reference to the value of the Scheme Property of the Company for successive periods commencing on each Valuation Point and ending immediately before the next Valuation Point in each month. The Depositary's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current fee payable is:

0.0275% p.a. on the first £50 million value of the Scheme Property of the Company;

0.025% p.a. on the next £50 million value of the Scheme Property of the Company;

0.02% p.a. on the next £100 million value of the Scheme 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.

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

### **Transaction charges and custody charges**

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

Transaction Charges £7.50 to £100

Derivative Charges £20 (if applicable)

Custody Charges 0.0025% to 0.4% of the value of the holding invested up to 0.9% of the value of the holding involved

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

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

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

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

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

## 15.6 Valuation services and administration and registration fees

The Administration of the Company will be carried out by Northern Trust Global Services SE, UK branch, who also acts as Registrar. Its fees for fund accountancy, valuation services and administration and registration fees may be paid by the Company but the fees for valuation services, fund accountancy and administration are currently paid by the ACD.

The Administrator's registration fee will be paid out of the Company's Scheme Property, as will the disbursements listed in section 15.8 below. The current registration fee is £2,000 per annum.

## 15.7 Other Expenses

The following other expenses may be paid out of the Scheme Property of the Company:

- (a) expenses properly incurred by the ACD in the performance of its duties as ACD of the Company;
- (b) broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (c) any costs properly incurred in modifying the Instrument of Incorporation and the Prospectus;
- (d) any costs incurred in or about the listing of Shares in the Company on any stock exchange, and the creation, conversion and cancellation of Shares;
- (e) any costs incurred by the Company in publishing the price of the Shares;
- (f) any costs incurred in producing and dispatching any payments made by the Company, or the periodic reports of the Company;
- (g) 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;
- (h) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (i) any properly incurred and reasonable fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (j) any costs incurred in taking out and maintaining an insurance policy to protect the Company;
- (k) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (l) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in COLL;

- (m) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (n) taxation and duties payable in respect of the Scheme Property of the Company or the issue or redemption of Shares;
- (o) the audit fees of the Auditors and any reasonable and properly incurred expenses of the Auditors;
- (p) the fees of the FCA as prescribed in COLL together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which shares in the Company are or may be marketed;
- (q) the Depositary will also be reimbursed out of the Scheme Property of the Company expenses incurred in performing the following activities and duties:
  - (a) delivery of stock to the Depositary or custodian;
  - (b) custody of assets;
  - (c) collection of income and capital;
  - (d) submission of tax returns;
  - (e) handling tax claims;
  - (f) preparation of the Depositary's annual report;
  - (g) arranging insurance;
  - (h) calling Shareholder meetings and otherwise communicating with Shareholders;
  - (i) dealing with distribution warrants;
  - (j) taking reasonable professional advice;
  - (k) conducting legal proceedings;
  - (l) such other duties as the Depositary is permitted or required by law to perform;
- (r) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- (s) the total amount of any cost relating to the application for authorisation and incorporation of the Company and of its initial offer or issue of Shares;
- (t) any payments otherwise due by virtue of COLL; and
- (u) any value added or similar tax relating to any charge or expense set out in this paragraph.



## 15.8 Allocation of payments

Charges and expenses payable out of the Scheme Property of the Company, including the fees payable to the ACD and the Depositary, will be treated as a charge against the income of the Company (except those charges and expenses relating directly to the purchase and sale of investments).

## 16. Valuation and pricing of Scheme Property

The Company will be valued on each Business Day (and other days at the ACD's discretion) at 12 noon (the '**Valuation Point**') for the purpose of determining the price at which Shares in the Company may be purchased or redeemed.

There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point. The Shares will be priced in pounds sterling.

The Company will be valued on a net asset value basis to determine the price of the Shares ('NAV price'). Except in circumstances where the application of a dilution levy applies Shares will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Company (see '**Payments out of Scheme Property**'). Out of the preliminary charge, the ACD may pay commission to qualifying intermediaries, including the Investment Managers and their associates. Although it is not current policy, if a dilution levy were to apply in the future the NAV price would be adjusted accordingly to determine the price at which Shares can be purchased and redeemed.

The Net Asset Value of the Scheme Property of the Company shall be the value of its assets less the value of its liabilities determined (inter alia) in accordance with the following provisions which are set out in the Instrument of Incorporation.

All the Scheme Property of the Company (including receivables) is to be included when valuing the Company, subject to the following provisions:

16.1 property which is not cash (or other assets dealt with in paragraph 16.3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

- (a) units or shares in a collective investment scheme:
  - (a) if a single price for buying and selling units or shares is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the mean of the two prices provided the buying price has been reduced by a preliminary charge included therein and the selling price has been increased by an exit or redemption charge attributable thereto; or
  - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable; or
  - (d) any other transferable security:
    - (a) if a single price for buying and selling the security is quoted, at that price; or
    - (b) if separate buying and selling prices are quoted, at the mid-market price; or

- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable; and
  - (e) property other than that described in (a) and (b) above shall be valued at an amount which, in the opinion of the ACD, represents a fair and reasonable mid-market price;
- 16.2 cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;
- 16.3 there will be a deduction of an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, valued added tax, stamp duty and stamp duty reserve tax;
- 16.4 there will be a deduction of an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day;
- 16.5 there will be a deduction of the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;
- 16.6 in determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case;
- 16.7 subject to paragraphs 16.8 and 16.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount;
- 16.8 all agreements are to be included under paragraph 16.7 which are, or ought reasonably to have been, known to the person valuing the property;
- 16.9 add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;
- 16.10 add any other credits or amounts due to be paid into the Scheme Property;
- 16.11 add a sum representing any interest or any income accrued due or deemed to have accrued but not received; and
- 16.12 currencies or values in currencies other than base currency shall be translated at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 16.13 The ACD currently elects to deal on a forward basis from the beginning of each Business Day until the Valuation Point. The ACD may, subject to certain conditions and with the agreement of the Depositary, change the basis of dealing. In general the rules are as follows:
  - (a) If the ACD's choice is forward, all deals must be at a forward price and the election lasts until the end of the dealing period.
  - (b) The ACD may at any time elect for forward only for the rest of the then

current period.

- (c) Redemptions must be on the same basis as issues.
- (d) Where at any time during a dealing day the ACD knows or has reason to believe, that the property of the Company has increased or decreased by 2% or more since the last valuation, it must perform a special valuation or else elect for forward dealing only.
- (e) An applicant may always request to deal on a forward basis.
- (f) The ACD may elect to deal on a forward basis in the case of a large deal. For the purpose of the FCA Rules, a large deal will be a deal in respect of units exceeding the sum of £1,000,000 in value.

#### 16.14 **Hard-to-value assets**

Where the ACD has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the ACD's best estimate of the value of the relevant investment at the relevant Valuation Point or no price or no recent price exists, the ACD may use a price which, in the opinion of the ACD, reflects a fair and reasonable price for that investment (the fair value price). In calculating any value, the ACD shall be entitled to rely on any valuations provided or attributed to any asset or liability by an Investment Manager.

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

- (a) no recent trade in the security concerned; or
- (b) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In (b), a significant event is one that means the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the Valuation Point had the relevant market been open.

In determining whether to use such a fair value price, the ACD will include in its consideration:

- (a) the type of authorised fund concerned;
- (b) the securities involved;
- (c) the basis and reliability of the alternative price used; and
- (d) the ACD's policy on the valuation of Scheme Property as disclosed in the Prospectus.

### 17. **Purchase and redemption of Shares in the Company**

#### 17.1 **Buying Shares**

The ACD will accept orders for the purchase and redemption of Shares on normal Business Days between 9.30 am and 5.00 pm.

The ACD's normal basis of dealing is at a forward price, plus or minus any applicable dilution levy. This means that transactions will be effected at prices determined at the next Valuation Point following the ACD's agreement to sell, or as the case may be, to redeem the Shares in question (the '**dealing date**').

Instructions to purchase or redeem Shares may be in writing, by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375, or through the means of electronic communications (as set out in paragraph 19).

To confirm the transaction, a contract note or allocation letter will be issued by close of business on the next Business Day after the dealing date.

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

## **17.2 Redeeming Shares**

The ACD will buy back Shares from registered holders at not less than the price determined at the next Valuation Point following receipt of redemption instructions less any dilution levy. Payment of redemption proceeds will be made not later than four Business Days after either the dealing date or receipt of the renouncement document if later. Payment for this purpose will be the issuance and posting of a sterling cheque to the address of the Shareholder held on the Register. First class postage will be used where available.

## **17.3 In specie redemptions**

In the event that a Shareholder requests the redemption or cancellation of Shares representing over 10% of the property of the Company, the ACD may upon giving written notice to the Shareholder arrange that, in place of payment of the NAV price of the Shares in cash, the Company cancels the Shares and transfers relevant Scheme Property to the Shareholder.

The ACD will select property to be transferred in consultation with the Depositary. The Depositary must take reasonable care to ensure that the property transferred would not be likely to result in any material prejudice to the interests of the Shareholders.

The ACD may retain out of the property to be transferred property or cash of a value equivalent to any stamp duty or stamp duty reserve tax to be paid to the redemption of the Shares.

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

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquiring 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 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 of the Company.

## **17.5 Minimum initial subscription and minimum Shareholding**

There will be a minimum subscription size of £100,000 in respect of all classes of Shares which may be waived at the absolute discretion of the ACD and a minimum transaction size of £100,000 unless the ACD in its absolute discretion waives this requirement or unless the sale is of an entire holding which is smaller than that minimum. There will be a minimum holding of £100,000.

## 17.6 Publication of Share prices

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

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

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

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

## 17.7 Suspension of Dealing

The sale and redemption of Shares in the Company will not take place if dealing in the Shares is temporarily suspended by the ACD with prior agreement of the Depositary or if required by the Depositary in either case if the ACD or the Depositary (as the case may be) is of the opinion that, due to exceptional circumstances, there is good and sufficient reason so to suspend dealings having regard to the interests of Shareholders or potential Shareholders in the Company.

- (a) The FCA will be notified immediately of any suspension of dealing in shares and the ACD or, if the Depositary has required the suspension, state the reasons for the suspension and the exceptional circumstances which led to the decision to suspend dealing.
- (b) The notice of suspension must be clear, fair and not misleading. Shareholders will be informed in writing of the expected duration of the suspension (if known) and be provided with updates concerning any such suspension.
- (c) The ACD and Depositary must formally review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue for so long as it is justified having regard to the interest of Shareholders.
- (d) The ACD must ensure that a notification of the suspension is made to Shareholders as soon as practicable after the suspension commences.
- (e) 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 restart of dealings in Shares.

The ACD may, inter alia, reject at its discretion any application for the purchase, sale or exchange of Shares for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory.

## 17.8 Mandatory transfers and redemptions

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 and entitled 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 either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the OEIC Regulations and COLL. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected shares, he 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 OEIC Regulations and COLL.

A person who becomes aware that he has acquired or is holding 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 he is not qualified to hold such affected shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his affected shares to a person qualified to own them or give a request in writing or procure that such a request for the redemption or cancellation of all his affected shares pursuant to the OEIC Regulations and COLL.

#### 17.9 **Mandatory Conversion**

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

### 18. **Income equalisation: grouping for equalisation**

- 18.1 The Instrument of Incorporation specifies that income equalisation will be operated unless the ACD determines otherwise.
- 18.2 If equalisation is operated, when an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant Share of accrued income in the net asset value of the Company. The first allocation of income in respect of that Share refunds this amount as a return of capital. This is known as '**income equalisation**'. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Shares of the class in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.
- 18.3 Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in paragraph 8.1 above. If there are no interim accounting periods, the periods for grouping of Shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

### 19. **Electronic Communications**

- 19.1 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 in another jurisdiction by an equivalent supervisory authority,

subject to:

- (a) prior agreement between the ACD and the person making the communication as to:
  - (a) the electronic media by which such communications may be delivered; and
  - (b) how such communications will be identified as conveying the necessary authority; and
  - (c) 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.

## 20. Taxation

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

### 20.1 Taxation of the Company

The Company is an ICVC 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**" for UK tax purposes.

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

The Company is liable to corporation tax on most sources of its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax, currently 20%.

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 will 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. The foreign tax suffered by the Company may normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

## **(B) Chargeable gains**

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

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

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

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

## 20.2 Taxation of the Shareholders

### **(A) Income**

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

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

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

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

### **(B) Interest distributions**

#### UK resident individuals

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

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

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



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

#### UK corporate Shareholders

If the Company at any point in an accounting period of a UK corporate Shareholder fails to satisfy the "qualifying investment" test, Shares held by UK corporate Shareholders are treated as if they were a holding of rights under a creditor loan relationship of the corporate Shareholder, with the result that all returns on the Shares in respect of such a corporate Shareholder's accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a corporate 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 or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

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

#### **(C) Dividend distributions**

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

#### UK resident individuals

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

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

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

#### UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax certificate. The unfranked portion is 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.

## **(D) Chargeable gains**

### UK resident individuals

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

For the tax year 2022/23, the annual exemption is £12,300.

Gains in excess of the annual exemption amount are taxed at 10% to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band (£37,700 for 2022/23) and at 20% to the extent that they exceed that limit.

### UK corporate 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 indexation figure that corporate Shareholders can deduct will cover only the movement in the Retail Price Index from the date of acquisition of the asset up to 31 December 2017.

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

## 20.3 US Taxation Issues/FATCA tax reporting

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

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

The ACD is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (IGA) Model I and under the terms of UK legislation implementing the IGA rather than under the US Treasury Regulations implementing FATCA. The ACD has registered with the IRS as the sponsoring

entity for the Company to report certain information to HMRC.

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

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

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

#### 20.4 Income equalisation – tax implications

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

#### 20.5 UK information reporting regime

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

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

#### 20.6 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.

## 20.7 Automatic Exchange of Information

The ACD is responsible for identifying the territory in which an accountholder or a controlling person is resident for income tax or corporation tax purposes (or similar tax), applying due diligence procedures, keeping information for either: five years starting from the end of the last year in which the account was included in a return submitted to HM Revenue & Customs pursuant to the requirements of the International Tax Compliance Regulations 2015 (as amended from time to time) for a reportable account; or for an account that is not a reportable account five years starting from the end of the last year in which the account was treated as not being a reportable account based on due diligence procedures. Such tasks have been delegated to the Administrator.

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

## 21. Risk Profile Management

21.1 The ACD, in consultation with the Investment Managers, has adopted a risk management process in respect of the Company enabling it to monitor and measure the risk of the Company's portfolio and contribution of the underlying investments to the overall risk profile of the Company.

21.2 The ACD operates a liquidity risk management policy with a view to ensuring that Shareholders are able to realise their Shares in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.

21.3 Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Company's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Company has sufficient capacity to meet obligations arising from any derivative positions.

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

## 22. Leverage (as defined by the UK AIFM regime)

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

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

22.2 For the Company, the ACD has set the following limits:

Derivative Type	Limits
<b>Allowable on a 'substantial' basis</b>	No
<b>Unsecured cash borrowings</b>	Not permitted
<b>Secured cash borrowings</b>	Up to 10% for liquidity purposes only. ONLY for short-term use.
<b>Convertible borrowings</b>	Not permitted
<b>Interest rate swaps</b>	Not permitted
<b>Contracts for differences</b>	Not permitted
<b>Futures contracts</b>	Not permitted
<b>Total return swaps</b>	Not permitted
<b>Forward agreements</b>	Only as required; No greater than 40% of the Net Asset Value of the portfolio.
<b>Options</b>	Only as required; No greater than 30% of the Net Asset Value of the portfolio.
<b>Repurchase arrangements</b>	Not permitted
<b>Reverse repurchase arrangements</b>	Not permitted
<b>Securities lending arrangements</b>	Not permitted
<b>Securities borrowing arrangements</b>	Not permitted
<b>Credit default swaps</b>	Not permitted
<b>MAXIMUM LEVEL OF LEVERAGE USING THE COMMITMENT METHOD*</b>	200%
<b>MAXIMUM LEVEL OF LEVERAGE USING THE GROSS METHOD*</b>	300%

#### **\*NOTES**

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

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

borrowed are included; and

5. positions within repurchase or reverse repurchase transactions and securities lending or borrowing or other similar arrangements are included.

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

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

1. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
2. netting and hedging arrangements are applied, subject to specified conditions;
3. the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Company is calculated;
4. derivative instruments used for currency hedging purposes are excluded.

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

### 22.3 Use of Leverage

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

### 23. Fair Treatment of Investors

- 23.1 The ACD ensures fair treatment of investors by its compliance with the applicable rules in COLL and FUND and with the rules contained in the FCA Handbook.
- 23.2 The ACD is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Shareholders. The ACD complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.
- 23.3 The ACD and the Investment Managers may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Share classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the ACD or the Investment Managers. If such rights are granted, this would typically be to investors who invest significant amounts in the Company. Such investors would not typically be legally or economically linked to the ACD.

23.4 Any Shareholder may be granted preferential treatment in relation to the terms of its investment in the Company by the ACD, the Investment Managers and/or any other service provider to the Company.

23.5 The ACD and/or the Investment Managers may enter into side letters and/or other arrangements ("Side Arrangements") with Shareholders, including those deemed to involve a significant or strategic relationship, that will result in the terms of an investment in the Company being different to the terms applicable to other Shareholders and/or provide the following preferential treatment:

(a) **Disclosure / Reporting:**

- (a) notification of (A) certain 'key man' events and/or (B) certain changes to the organisation of the Company and/or (C) the issue of Shares on more favourable terms to those described herein (as amended by the relevant side letter and/or other arrangement) and/or (D) certain other changes and/or other events, in each case that affects, or relates to, the Company and/or its service providers (including, but not limited to, the Investment Managers) or the relevant shareholder's investment in the Company;
- (b) notification if holdings in the Company by the relevant shareholder exceed specific levels; and/or
- (c) the provision of certain limited information relating to the Investment Managers and/or to the Company's assets, including in order to allow the relevant shareholder to comply with the laws and regulations to which it is subject.

(b) **Investor Liquidity terms:**

- (a) ensure that redemptions of Shares are effected in full within a prescribed period of time in the event that redemptions are deferred (i.e. "gated") for any reason; and/or
- (b) permit transferability of Shares where there is no change of beneficial ownership.

(c) **Fees:**

- (a) rebate some or all of the periodic charge payable in respect of the relevant Shareholder's Shares.

(d) **Side Arrangements:**

- (a) The ACD's Risk Management Policy deals with Side Arrangements.
- (b) The main conflict of interest with Side Arrangements is the potential for one or more investors to be advantaged over other investors by terms within their Side Arrangements. For example, the preferential early exit of one investor may reduce the portfolio liquidity, which might make withdrawals unavailable to other investors. Subsequently, it may be the case that other investors are actually disadvantaged. The ACD will give consideration as to whether the nature and scope of the provisions are consistent with treating all investors fairly.
- (c) Any Side Arrangement which contains 'material terms' will be fully considered before it is put in place. Examples of material terms would include preferential redemption rights, 'key man' provisions,

redemption 'gate' waivers and portfolio transparency rights.

## 24. **Recognition and Enforcement of Judgments**

The UK AIFM regime requires the ACD to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the territory in which the Company is established). The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## 25. **Further Information**

### 25.1 **Instrument of Incorporation, Prospectus**

Copies of the Instrument of Incorporation, Prospectus and the most recent annual and half-yearly reports may be inspected at the head office of the ACD at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. Copies may be obtained free of charge on application to the ACD.

### 25.2 **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 you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

### 25.3 **Future disclosures**

- (a) The following information will be made available to Shareholders as part of the Company's annual report:
  - i. the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
  - ii. the current risk profile of the Company and the risk management systems employed by the ACD to manage those risks; and
  - iii. the total amount of leverage employed by the Company, as applicable.
- (b) Shareholders will also be provided with information regarding changes to:
  - i. the maximum level of leverage which a Company, or the ACD on the Company's behalf, may employ; or
  - ii. the rights for re-use of collateral under the Company's leveraging arrangements; or
  - iii. any guarantee granted under the Company's leveraging arrangements.

This information will be made available to Shareholders, without undue delay following the occurrence of that change, usually by way of update to this Prospectus. Where required, such change will be preceded by notification to Shareholders.



## 25.4 **Service contracts**

Copies of the contracts of service between the Company and the ACD, and any other directors, will be provided to Shareholders on request.

## 25.5 **Service of notices**

The address for service of notices or other documents required or authorised to be served on the Company is at its registered office located at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

## 25.6 **Complaints**

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

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

## 25.7 **Risk Factors**

- **An investment in an open-ended investment company, such as the Company, should be regarded as a longer-term investment.**
- **Investors should be aware that the price of shares, and the income from them, can fall as well as rise and investors may not receive back the full amount invested.**
- **Past performance is not a reliable indicator of future performance.**
- **Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates which can be favourable or unfavourable.**
- **Investors should be aware that concentrating the Company's investments in one country could increase the risks associated with investing in the Company's Shares.**
- **No guarantee of capital**

**Investors should note that the Company does not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.**

- **Investors should note that capital is, in fact, at risk and there is no guarantee that any particular returns will be achieved, whether over a stated period or any other period. It cannot be guaranteed that a specific investment period in which the Company aims to achieve returns will be achieved.**
- **Custody Risk**

**The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Depositary or Custodian may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the**

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

- **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.**

## **25.8 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).

## **25.9 Electronic Verification**

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

## **25.10 Dealing in Shares – Client Money Rules**

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

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

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

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

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

## APPENDIX A

### Eligible securities markets

### Eligible derivatives markets

Investments may be made on each of the eligible securities and eligible derivatives markets in order to fulfil the investment objective states in paragraph 4.1 above.

A market is an “eligible market” if it is:

- a) a regulated market (as defined in the FCA Glossary);
- b) an established market in the UK or an EEA State which is regulated, operates regularly and is open to the public;
- 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 COLL, 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 investors.

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

### Eligible securities markets

Australia	ASX Group
Canada	Toronto Stock Exchange
	TSX Venture Exchange
	Montreal Exchange
Hong Kong	Hong Kong Stock Exchange
Japan	Nagoya Stock Exchange
	Osaka Stock Exchange
	JASDAQ Securities Exchange
Korea	Korea Composite Stock Price Index
Mexico	Mexico Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
	South African Futures Exchange (SAFEX)
Switzerland	Swiss Exchange (SIX)
Thailand	Stock Exchange of Thailand (SET)
United Kingdom	Alternative Investment Market
United States of America	NYSE Euronext
	Chicago Stock Exchange (CHX)
	NASDAQ

**Eligible derivatives markets**

London International Financial Futures and Options Exchange (LIFFE)

## APPENDIX B

### Historical performance figures

The comparisons in the performance table are based on **accumulation and income Shares** for performance information over a five year period. The table shows the total annual return up to 31 December in each year listed.

The 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.

#### Target Benchmark

The performance table (below) displays the fund's historical performance compared against the performance target<sup>1</sup>. The target benchmark is set out in paragraph 4.3 (in the main Prospectus).

<b>Benchmark</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Retail Price Index	4.12%	2.70%	2.21%	1.20%	7.55%
<b>The MOTIM Fund - Share class</b>	<b>2017 (%)</b>	<b>2018 (%)</b>	<b>2019 (%)</b>	<b>2020 (%)</b>	<b>2021 (%)</b>
Accumulation Shares	6.99	-6.15	11.94	11.50	8.86
Income Shares	6.98	-6.09	11.89	11.47	8.90

**Source:** These performance figures have been derived from information extracted from MorningStar.

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

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

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

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<sup>1</sup> For the purposes of COLL this is referred to as a 'target benchmark'.

## APPENDIX C

### Other Regulated Collective Investment Schemes under management

#### **Authorised Investment Companies with Variable Capital**

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

#### **Authorised Unit Trusts**

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

**Authorised Investment Companies with  
Variable Capital**

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

**Authorised Unit Trusts**



## **APPENDIX D**

### **Establishment of Collective Investment Schemes**

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

Guernsey

Ireland

Luxembourg

United Kingdom

## APPENDIX E

### Directory of Contact Details

<b>ACD</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP
<b>Administrator, Registrar and Fund Accountant</b>  <i>Dealing Office</i>	<b>Northern Trust Global Services SE, UK branch</b> 50 Bank Street, Canary Wharf, London E14 5NT  <b>Thesis Unit Trust Management Limited</b> Sunderland SR43 4AZ  Telephone: 0333 300 0375
<b>Auditors</b>	<b>Grant Thornton UK LLP</b> 30 Finsbury Square, London EC2P 2YU
<b>Custodian</b> <i>Principal place of business:</i>  <i>Who may also act under this power through its London branch:</i>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA  50 Bank Street, Canary Wharf, London E14 5NT
<b>Depository</b>	<b>NatWest Trustee and Depository Services Limited</b> House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12 1HQ
<b>Investment Managers</b>	<b>Ruffer LLP</b> 80 Victoria Street, London SW1E 5JL <a href="http://www.ruffer.co.uk">www.ruffer.co.uk</a>  <b>Thesis Asset Management Limited</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP <a href="http://www.thesisam.com">www.thesisam.com</a>  <b>Charles Stanley &amp; Co. Limited</b> 55 Bishopsgate, London EC2N 3AS <a href="http://www.charles-stanley.co.uk">www.charles-stanley.co.uk</a>
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square, London E20 1JN