

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

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

**PROSPECTUS**

**OF**

**THE TULLY FUND**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000480**

**(A Non-UCITS Retail Scheme with FCA Product Reference Number: 455908)**

This document constitutes the Prospectus for The Tully Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 23 July 2026.

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

## CONTENTS

| Clause |                                                               | Page |
|--------|---------------------------------------------------------------|------|
| 1      | DEFINITIONS .....                                             | 8    |
| 2      | DETAILS OF THE COMPANY .....                                  | 15   |
|        | 2.1 General Information .....                                 | 15   |
|        | 2.1.1 General .....                                           | 15   |
|        | 2.1.2 Head Office and Address for Service .....               | 15   |
|        | 2.1.3 Base Currency .....                                     | 15   |
|        | 2.1.4 Share Capital .....                                     | 15   |
|        | 2.2 The Structure of the Company .....                        | 16   |
|        | 2.2.1 The Company .....                                       | 16   |
|        | 2.2.2 Shares.....                                             | 16   |
|        | 2.2.3 Client Money.....                                       | 18   |
| 3      | BUYING, REDEEMING AND CONVERTING SHARES .....                 | 20   |
|        | 3.1 Money Laundering.....                                     | 20   |
|        | 3.2 Buying Shares .....                                       | 21   |
|        | 3.2.1 Procedure .....                                         | 21   |
|        | 3.2.2 Documents the Buyer will Receive .....                  | 23   |
|        | 3.2.3 Regular Savings Plan.....                               | 23   |
|        | 3.2.4 Minimum Subscriptions and Holdings.....                 | 23   |
|        | 3.3 Redeeming Shares.....                                     | 24   |
|        | 3.3.1 Procedure .....                                         | 24   |
|        | 3.3.2 Documents a Redeeming Shareholder will Receive .....    | 24   |
|        | 3.3.3 Minimum Redemption .....                                | 25   |
|        | 3.4 Switching .....                                           | 25   |
|        | 3.5 Converting.....                                           | 26   |
|        | 3.6 Dealing Charges .....                                     | 27   |
|        | 3.6.1 Switching Fee.....                                      | 27   |
|        | 3.6.2 Initial Charge .....                                    | 27   |
|        | 3.6.3 Redemption Charge.....                                  | 27   |
|        | 3.6.4 Dilution Levy.....                                      | 28   |
|        | 3.6.5 Stamp Duty Reserve Tax (“SDRT”) .....                   | 29   |
|        | 3.7 Transfers .....                                           | 29   |
|        | 3.8 Restrictions and Compulsory Transfer and Redemption ..... | 30   |
|        | 3.9 Issue of Shares in Exchange for In Specie Assets .....    | 31   |
|        | 3.10 In Specie Redemptions .....                              | 31   |
|        | 3.11 Suspension of Dealings in the Company.....               | 31   |
|        | 3.12 Liquidity Risk Management .....                          | 32   |
| 4      | VALUATION OF THE COMPANY .....                                | 34   |
|        | 4.1 General .....                                             | 34   |
|        | 4.2 Calculation of the Net Asset Value .....                  | 34   |
|        | 4.3 Price per Share in each Class.....                        | 37   |
|        | 4.4 Pricing Basis.....                                        | 37   |
|        | 4.5 Publication of Prices.....                                | 37   |

|       |                                                     |    |
|-------|-----------------------------------------------------|----|
| 5     | RISK FACTORS .....                                  | 38 |
| 5.1   | General .....                                       | 38 |
| 5.2   | Effect of Initial Charge or Redemption Charge ..... | 38 |
| 5.3   | Dilution .....                                      | 38 |
| 5.4   | Suspension of Dealing .....                         | 38 |
| 5.5   | Currency Exchange Rates .....                       | 39 |
| 5.6   | Derivatives .....                                   | 39 |
| 5.7   | OTC Derivatives .....                               | 39 |
| 5.8   | Unregulated Collective Investment Schemes .....     | 39 |
| 5.9   | Liquidity .....                                     | 40 |
| 5.10  | Credit and Fixed Interest Securities.....           | 40 |
| 5.11  | Counterparty and Settlement Risk.....               | 41 |
| 5.12  | Tax .....                                           | 41 |
| 5.13  | Inflation and Interest Rates .....                  | 41 |
| 5.14  | Custody .....                                       | 41 |
| 5.15  | Warrants.....                                       | 41 |
| 5.16  | Non-UCITS Retail Schemes.....                       | 41 |
| 5.17  | Investment Trusts.....                              | 41 |
| 5.18  | Leverage Risk .....                                 | 42 |
| 6     | MANAGEMENT AND ADMINISTRATION .....                 | 43 |
| 6.1   | Regulatory Status .....                             | 43 |
| 6.2   | Authorised Corporate Director and AIFM .....        | 43 |
| 6.2.1 | General .....                                       | 43 |
| 6.2.2 | Terms of Appointment .....                          | 44 |
| 6.3   | The Depositary .....                                | 45 |
| 6.3.1 | Duties of the Depositary .....                      | 45 |
| 6.3.2 | Terms of Appointment .....                          | 46 |
| 6.4   | The Portfolio Manager.....                          | 47 |
| 6.4.1 | General .....                                       | 47 |
| 6.4.2 | Terms of Appointment .....                          | 47 |
| 6.5   | The Registrar .....                                 | 48 |
| 6.5.1 | General .....                                       | 48 |
| 6.5.2 | Register of Shareholders.....                       | 48 |
| 6.6   | The Auditors .....                                  | 48 |
| 6.7   | Conflicts of Interest .....                         | 49 |
| 7     | FEES AND EXPENSES.....                              | 50 |
| 7.1   | Ongoing.....                                        | 50 |
| 7.2   | Charges Payable to the ACD .....                    | 51 |
| 7.2.1 | Annual Management Charge .....                      | 51 |
| 7.2.2 | Registration Fees.....                              | 52 |
| 7.2.3 | Expenses.....                                       | 52 |
| 7.3   | Depositary's Fee and Expenses.....                  | 52 |
| 7.4   | Portfolio Manager's Fee .....                       | 54 |
| 8     | INSTRUMENT OF INCORPORATION.....                    | 55 |
| 9     | SHAREHOLDER MEETINGS AND VOTING RIGHTS .....        | 55 |

|    |        |                                                 |    |
|----|--------|-------------------------------------------------|----|
|    | 9.1    | Class and Company Meetings .....                | 55 |
|    | 9.2    | Requisitions of Meetings .....                  | 55 |
|    | 9.3    | Notice and Quorum .....                         | 55 |
|    | 9.4    | Voting Rights.....                              | 55 |
|    | 9.5    | Variation of Class Rights .....                 | 56 |
| 10 |        | TAXATION.....                                   | 57 |
|    | 10.1   | General .....                                   | 57 |
|    | 10.2   | The Company .....                               | 57 |
|    | 10.3   | Shareholders .....                              | 57 |
|    | 10.3.1 | Income.....                                     | 57 |
|    | 10.3.2 | Interest .....                                  | 58 |
|    | 10.3.3 | Income Equalisation .....                       | 58 |
|    | 10.3.4 | Tax Vouchers .....                              | 58 |
|    | 10.3.5 | Capital Gains .....                             | 58 |
|    | 10.3.6 | EU Savings Directive .....                      | 58 |
|    | 10.3.7 | Foreign Account Tax Compliance Act .....        | 59 |
| 11 |        | WINDING UP OF THE COMPANY .....                 | 60 |
| 12 |        | GENERAL INFORMATION .....                       | 62 |
|    | 12.1   | Accounting Periods.....                         | 62 |
|    | 12.2   | Notice to Shareholders .....                    | 62 |
|    | 12.3   | Income Allocations .....                        | 62 |
|    | 12.4   | Annual Reports .....                            | 63 |
|    | 12.5   | Documents of the Company .....                  | 63 |
|    | 12.6   | Material Contracts .....                        | 63 |
|    | 12.7   | Provision of Investment Advice .....            | 63 |
|    | 12.8   | Telephone Recordings .....                      | 64 |
|    | 12.9   | Information Available to the Shareholders ..... | 64 |
|    | 12.10  | Changes to the Company.....                     | 64 |
|    | 12.11  | Complaints .....                                | 65 |
|    | 12.12  | Compensation.....                               | 65 |
|    | 12.13  | Telephone Recording .....                       | 65 |
|    | 12.14  | Best Execution.....                             | 65 |
|    | 12.15  | Inducements and Soft Commission .....           | 66 |
|    | 12.16  | Distribution Channels.....                      | 66 |
|    | 12.17  | Risk Management.....                            | 66 |
|    | 12.18  | Indemnity .....                                 | 66 |
|    | 12.19  | Professional Liability Risks.....               | 67 |
|    | 12.20  | Fair Treatment of Investors .....               | 67 |
|    | 12.21  | Shareholders' Rights.....                       | 67 |
|    | 12.22  | Governing Law and Jurisdiction.....             | 68 |
|    |        | APPENDIX I .....                                | 69 |
|    |        | COMPANY DETAILS.....                            | 69 |
|    |        | APPENDIX II.....                                | 72 |

|                                                                                     |     |
|-------------------------------------------------------------------------------------|-----|
| ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS .....                  | 72  |
| APPENDIX III .....                                                                  | 74  |
| INVESTMENT AND BORROWING POWERS OF THE COMPANY .....                                | 74  |
| APPENDIX IV .....                                                                   | 101 |
| LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED<br>BY THE ACD ..... | 101 |
| APPENDIX V .....                                                                    | 103 |
| PAST PERFORMANCE AND INVESTOR PROFILE .....                                         | 103 |
| APPENDIX VI .....                                                                   | 105 |
| TYPICAL INVESTOR PROFILE(S) .....                                                   | 105 |
| APPENDIX VII .....                                                                  | 106 |
| DIRECTORY .....                                                                     | 106 |

## **Important Information**

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

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

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

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Fund. Investors should only consider investing in the Fund if they understand the risks involved including the risk of losing all capital invested.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Tutman Fund Solutions Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Tutman Fund Solutions Limited.

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

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

All communications in relation to this Prospectus shall be in English.

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

## 1. DEFINITIONS

|                                   |                                                                                                                                                                                                                                                                                                   |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“ACD”</b>                      | Tutman Fund Solutions Limited, the authorised corporate director of the Company                                                                                                                                                                                                                   |
| <b>“Act”</b>                      | Financial Services and Markets Act 2000 as amended;                                                                                                                                                                                                                                               |
| <b>“ACD Agreement”</b>            | An agreement between the Company and the ACD                                                                                                                                                                                                                                                      |
| <b>“AIF”</b>                      | means alternative investment fund;                                                                                                                                                                                                                                                                |
| <b>“AIFM”</b>                     | means alternative investment fund manager;                                                                                                                                                                                                                                                        |
| <b>“AIFMD”</b>                    | means the Alternative Investment Fund Managers Directive, 2011/61/EU, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable;                                                                                                                        |
| <b>“AIFMD.Level.2 Regulation”</b> | means Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable;                                                                                          |
| <b>“AIFM Rules”</b>               | means the AIFMD, AIFMD Level 2 Regulation, and the United Kingdom implementing legislation, including the section of the FCA Handbook that deals with investment funds;                                                                                                                           |
| <b>“Approved Bank”</b>            | has the meaning defined in the FCA Rules, broadly an approved bank is the Bank of England or other OECD member state central bank, a bank with Part IV authorisation to accept deposits, a building society, or a bank supervised by the central bank or regulator in a member state of the OECD; |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Approved Derivative”</b> | an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;                                                                                                                                                                                                              |
| <b>"Associate"</b>           | any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties                                                                                                                                               |
| <b>“Auditor”</b>             | Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Company from time to time                                                                                                                                                                                                                                                                                     |
| <b>“Business Day”</b>        | a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company's portfolio of securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such |
| <b>“Client Money”</b>        | means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified;                                                                                                                                                                                                                             |
| <b>“COLL”</b>                | refers to the appropriate chapter or rule in the COLL Sourcebook;                                                                                                                                                                                                                                                                                                                                    |
| <b>“COLL Sourcebook”</b>     | the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time;                                                                                                                                                                                                                                                                                           |
| <b>“Company”</b>             | The Tully Fund                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Conversion”</b>                              | the conversion of Shares in one Class to Shares (other than, where available, Hedged Shares) of another Class and “Convert” shall be construed accordingly.                                                                                                                                                                                                                      |
| <b>“Dealing Day”</b>                             | the 15 <sup>th</sup> of the month where this is a Business Day and the last Business Day of each month. In the event that the 15 <sup>th</sup> is not a Business Day, the Business Day prior to this date or such other day as may be agreed between the ACD and Depositary, or any other Business Day at the ACD’s discretion, agreed with the Depositary.                      |
| <b>“Depositary”</b>                              | NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Depositary                                                                                                                                                                                                                                                                         |
| <b>“Director” or “Directors”</b>                 | the directors of the Company from time to time (including the ACD)                                                                                                                                                                                                                                                                                                               |
| <b>“EEA State”</b>                               | a member state of the European Union and any other state which is within the European Economic Area                                                                                                                                                                                                                                                                              |
| <b>“Efficient Portfolio Management” or “EPM”</b> | for the purposes of this Prospectus, means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of costs or 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 |
| <b>“Eligible Institution”</b>                    | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook                                                                                                                                                                                                                                                                               |
| <b>“EMT”</b>                                     | European MiFID Template                                                                                                                                                                                                                                                                                                                                                          |
| <b>“EUWA”</b>                                    | means the European Union (Withdrawal) Act 2018;                                                                                                                                                                                                                                                                                                                                  |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“FCA”</b>                             | the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“FCA Handbook”</b>                    | the FCA Handbook of Rules and Guidance, as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“FCA Regulations”</b>                 | the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“FCA Rules”</b>                       | the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“the Financial Services Register”</b> | the Financial Services Register and such definition as may be updated in the glossary of definitions in the FCA Handbook from time to time;                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“FUND”</b>                            | refers to the appropriate chapter or rule in the FUND Sourcebook                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“FUND Sourcebook”</b>                 | the Investment Funds Sourcebook issued by the FCA as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Home State”</b>                      | <p>(1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive</p> <p>(2) (in relation to an investment firm):</p> <p>(a) where the investment firm is a natural person, the EEA State in which his head office is situated;</p> <p>(b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated</p> |

|                                      |                                                                                                                                                                                                                                                            |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | (3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated                                                                                                                                  |
|                                      | (4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated |
|                                      | (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights)                                                                                             |
| <b>“ICVC”</b>                        | investment company with variable capital                                                                                                                                                                                                                   |
| <b>“Instrument of Incorporation”</b> | the instrument of incorporation of the Company as amended from time to time                                                                                                                                                                                |
| <b>“IOSCO”</b>                       | the International Organisation of Securities Commissions.                                                                                                                                                                                                  |
| <b>“MiFID II”</b>                    | Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable                                                                            |
| <b>“Non UCITS Retail scheme”</b>     | a scheme which is not constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK) but is available to retail investors        |
| <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>“OEIC Regulations”</b>           | the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time                                                                      |
| <b>“OTC”</b>                        | Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange                                                                  |
| <b>“Portfolio Manager”</b>          | Evelyn Partners Investment Management LLP, the investment manager to the ACD in respect of the Company                                                               |
| <b>“Register”</b>                   | the register of Shareholders of the Company                                                                                                                          |
| <b>“Registrar”</b>                  | Tutman Fund Solutions Limited or such other entity as is appointed to act as Registrar to the Company from time to time                                              |
| <b>“Regulated Activities Order”</b> | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)                                                                          |
| <b>“Regulations”</b>                | the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook and the FUND Sourcebook)                                                                    |
| <b>“Scheme Property”</b>            | the scheme property of the Company required under the COLL Sourcebook and the FUND Sourcebook to be given for safekeeping to the Depositary                          |
| <b>“SDRT”</b>                       | stamp duty reserve tax                                                                                                                                               |
| <b>“Share” or “Shares”</b>          | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share) |
| <b>“Shareholder”</b>                | a holder of registered Shares in the Company                                                                                                                         |
| <b>“Switch”</b>                     | The exchange where permissible of shares of one class for shares of another class in any other fund;                                                                 |

**“UCITS Directive”**

means the EC Directive on Undertakings for Collective Investment in Transferable Securities, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable;

**“Valuation Point”**

the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The Valuation Point is 12.00 noon London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary

**“VAT”**

value added tax

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

### **2.1. General Information**

#### **2.1.1. General**

The Tully Fund (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000480 and authorised by the Financial Conduct Authority with effect from 5 October 2006. The Company has an unlimited duration.

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Fund as an investment.

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

The ACD is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix IV.

Information on the typical investor profile for the Fund is set out in Appendix V.

#### **2.1.2. Head Office**

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

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

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

#### **2.1.3. Base Currency**

The base currency of the Company is Pounds Sterling.

#### **2.1.4. Share Capital**

Maximum £100,000,000,000

Minimum £1

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

Shares in the Company may be marketed in **the UK**, other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

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

## **2.2. The Structure of the Company**

### **2.2.1. The Company**

The Company is a stand alone open-ended investment company.

The Company is a Non-UCITS retail scheme and is an AIF for the purposes of AIFMD.

Investment of the assets of the Company must comply with the COLL Sourcebook and the investment objective and policy of the Company. Details of the Company, including its investment objective and policy, are set out in Appendix I. **Currently, the Company may not invest in derivatives for either Efficient Portfolio Management purposes or for investment purposes. However, the Company may use derivatives and forward transactions for either Efficient Portfolio Management purposes or for investment purposes on the giving of 60 days' notice to Shareholders.**

The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Company is set out in Appendix III.

## 2.2.2. Shares

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

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

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

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

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

The Company may issue net income and net accumulation Shares; both income and accumulation Shares are currently available. Further details of the Shares presently available including details of their criteria for subscription and fee structure, are set out in Appendix I.

A Regular Savings Plan is available on certain Classes of Share. Details of which Share Classes are set out in Appendix I.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

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

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently no gross Shares are in issue. Net Shares

are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares of another Class of the Company. Details of this Conversion facility and the restrictions are set out in paragraph 3.5 “Converting”.

### **2.2.3. Client Money**

As required by the FCA’s client money rules, the ACD will hold money received from clients or on the client’s behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

No interest payment will be made on client money held by the ACD. Client money will be held in a designated client money account with Natwest Group plc.

The ACD will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients’ money may be pooled which means that shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its

financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

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

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and Conversion of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) directly to the office of the ACD (telephone: 0141 483 9700 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments.

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:
  - (1) the electronic media by which such communications may be delivered; and
  - (2) how such communications will be identified as conveying the necessary authority; and
- b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the shareholder.

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

In its dealings in Shares of the Company the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

#### **3.1. Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof

of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

## **3.2. Buying Shares**

### **3.2.1. Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. Any intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying intermediaries.

For details of dealing charges see paragraph 3.6 below. Application forms may be obtained from the ACD.

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

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. Applicants will not receive title to Shares until cleared funds have been received from the applicant and received by the Company.

For amounts in excess of £50,000, settlement must be made by electronic bank transfer to the bank account detailed on the application form. Otherwise, a cheque should be sent for the net amount, made payable to “Tutman Fund Solutions Limited”, at: 177 Bothwell Street, Glasgow, G2 7ER.

The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 483 9700. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for

further information. The ACD will accept applications to purchase shares by email.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

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

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment must be received in full and accompany the application. Payment must be made by cheque or if the amount is in excess of £50,000, settlement must be made by electronic bank transfer to the bank account detailed on the application form.

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

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

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant (except for those investors who subscribe through the Regular Savings Plan) decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be

deducted from the sum originally invested. Investors who invest through the Regular Savings Plan will be entitled to cancel their first subscription only; if a Regular Saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

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

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

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

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

### **3.2.3. Regular Savings Plan**

The ACD may make available certain Classes of Shares through the Regular Savings Plan. Further information on how to invest through the Regular Savings Plan is available from the ACD.

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

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

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

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

### **3.3. Redeeming Shares**

#### **3.3.1. Procedure**

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

Requests to redeem shares may be made in writing to the ACD's Transfer Agency at the address set out in Appendix VI. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares by FCA regulated entities by telephone on 0141 483 9700. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information. Requests will be accepted by email.

Valid instructions to the ACD to redeem Shares will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing has been suspended as set out in paragraph 3.11.

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

For details of dealing charges see paragraph 3.6 below.

#### **3.3.2. Documents a Redeeming Shareholder will Receive**

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

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

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

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

### **3.3.3 Minimum Redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than the minimum stated in respect of the appropriate Class in question (see Appendix I).

## **3.4. Switching**

If applicable, a holder of shares may at any time switch all or some of his shares ("Old Shares") for shares of another Company ("New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching may be effected in writing to the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may by prior agreement, accept switching instructions by telephone from FCA regulated entities only. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information. The ACD may accept instructions to switch shares via electronic communication. Electronic communication does include email. A switching shareholder must be eligible to hold the shares into which the switch is to be made.

The ACD may at its discretion charge a fee on the switching of shares between funds. These fees are set out in Section 3.6.1.

If the switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provisions on selling shares shall apply equally to a switch.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

A switch of shares in one fund for shares in any other fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

A shareholder who switches shares in one fund for shares in any other fund will not be given a right by law to withdraw from or cancel the transaction.

### **3.5. Converting**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder may at any time Convert all or some of his Shares of one Class ("the Original Shares") for Shares of another Class ("the New Shares") in the Company. Conversions will be effected by the ACD recording the change of Class on the Register.

If a Shareholder wishes to convert Shares they should apply to the ACD in the same manner as for a redemption as set out in 3.3 above.

Conversions will be effected at the next Valuation Point following receipt of instructions to Convert from a Shareholder.

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

There is currently no charge for Conversions of Shares.

**A Shareholder who Converts Shares in one Class for Shares in any other Class will not be given a right by law to withdraw from or cancel the transaction.**

### **3.6. Dealing Charges**

The price per Share at which Shares are bought, redeemed or Converted is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

#### **3.6.1. Switching Fee**

On the switching of shares of one fund for shares of another fund the Instrument authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the fund into which shares are being switched. The switching fee is payable by the Company to the ACD. Currently no switching charge will be levied.

#### **3.6.2. Initial Charge**

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

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

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

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

#### **3.6.3. Redemption Charge**

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

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

### 3.6.4. Dilution Levy

The actual cost of purchasing, selling or switching underlying investments in the Company may be higher or lower than the mid-market value used in calculating its 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, known as “dilution”, the ACD has the power to charge a “dilution levy” on the purchase, redemption or Switch of Shares in the Company but does not at present intend to do so. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the Company.

The dilution levy is 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 purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of the Company is in continual decline; on the Company experiencing large levels of net purchases relative to its size; on “large deals” (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the Company); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections and on the history of the Company the ACD is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Shareholder transaction are significant and will have a material impact on the Company.

If a dilution levy is required then, based on future projections the estimated rate or amount of such levy will be 0.20% on sales (creation) and 0.10% on redemptions (liquidation). If a dilution levy is not charged then this may restrict the future growth of the Company.

The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

#### **3.6.5. Stamp Duty Reserve Tax (“SDRT”)**

SDRT is charged on the surrender of Shares to the Company and on certain transfers of Shares. The SDRT due is calculated at the rate of 0.5 per cent. of the market value of the Shares surrendered. This charge is subject to reduction in accordance with reliefs available from time to time.

The current policy is that all SDRT costs will be paid out of the Company’s Scheme Property and charged to capital. SDRT will not be recovered from Shareholders. However, the ACD reserves the right to require Shareholders to pay SDRT whenever it considers that the circumstances have arisen which make such imposition fair to all Shareholders or potential Shareholders. The ACD may impose an SDRT provision on large deals when no SDRT provision is imposed on smaller deals or which is larger than that imposed on smaller deals. A “large deal” is a transaction (or a series of transactions in one dealing period) by any person to buy, sell or exchange Shares of £15,000 or more. In the event there is a change in this policy the ACD will give prior notification of such change to Shareholders prior to it taking effect.

Since the authorisation of the Company to the date of this Prospectus it has not been necessary to recover any SDRT from Shareholders on any dealings in the Shares. Although it cannot be guaranteed, it is the opinion of the ACD that SDRT will rarely be recovered from Shareholders on the sale of Shares. This statement is based on the ACD’s current policy for SDRT as detailed above. If imposed on a particular deal the maximum provision for SDRT shall always be equivalent to the current rate of SDRT.

With effect from 30 March 2014 SDRT will not be chargeable on dealings in shares or units in collective investment schemes.

#### **3.7. Transfers**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD

in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

### **3.8. Restrictions and Compulsory Transfer and Redemption**

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

If it comes to the notice of the ACD that any Shares (“affected Shares”):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

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

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer

all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

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

### **3.9. Issue of Shares in Exchange for In Specie Assets**

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

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

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

### **3.10. In Specie Redemptions**

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

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

### **3.11. Suspension of Dealings in the Company**

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

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

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

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

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

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

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

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

### **3.12. Liquidity Risk Management**

3.12.1. The Company is managed so that the liquidity profile of the Company is aligned with the requirement in relation to it so as to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in paragraph 3.3. However, in exceptional circumstances, if there is insufficient liquidity in the Company to meet redemption requests, the ACD may ultimately need to temporarily suspend dealing in the Company (see “Suspension of dealings in the Company” at 3.11).

3.12.2. The ACD has other tools to deal with temporary liquidity constraints in relation to the Company. The Company may (i) borrow cash to meet redemptions within the limits in Appendix III; or (ii) apply the in specie redemption provisions at paragraph 3.10.

- 3.12.3. To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the Company and periodic stress testing of the liquidity risk of the Company under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.
- 3.12.4. If our policy for managing liquidity should change, this will be set out in the annual report.

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

### **4.1. General**

The price of a Share is calculated by reference to the Net Asset Value. The Net Asset Value per Share is currently calculated at 12 noon (London time) (this being the Valuation Point) on each Dealing Day.

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

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

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

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

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

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

4.2.2.1. Units or shares in a collective investment scheme:

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

- 4.2.2.1.2. if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
- 4.2.2.1.3. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.2. Any other transferable security:
  - 4.2.2.2.1. if a single price for buying and redeeming the security is quoted, at that price; or
  - 4.2.2.2.2. if separate buying and redemption prices are quoted, at the average of the two prices; or
  - 4.2.2.2.3. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.3. Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.4. Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3. Scheme Property which is a contingent liability transaction shall be treated as follows:
  - 4.2.3.1. if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - 4.2.3.2. if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

- 4.2.3.3. if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5. Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7. All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.9. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12. Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14. Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

#### **4.3. Price per Share in each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

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

#### **4.4. Pricing Basis**

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

#### **4.5. Publication of Prices**

The prices of all Shares are published on the website: [www.trustnet.com](http://www.trustnet.com). The prices of Shares may also be obtained by calling 0141 483 9701 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

## **5. RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company.

### **5.1. General**

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

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

### **5.2. Effect of Initial Charge or Redemption Charge**

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

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

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

### **5.3. Dilution**

The Company may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

### **5.4. Suspension of Dealing**

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended.

### **5.5. Currency Exchange Rates**

Funds investing in overseas securities are exposed to, and may hold, currencies other than pounds sterling (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.

### **5.6. Derivatives**

Following the provision of 60 days' notice to Shareholders, the Portfolio Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Company, reducing costs or generating additional capital or income.

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

Following the provision of 60 days' notice to Shareholders, the Portfolio Manager may also employ derivatives including forward transactions for investment purposes in the pursuit of the investment objectives and in accordance with its risk management policy. Should the ACD and the Portfolio Manager invest in derivatives and forward transactions for investment purposes, the net asset value of the Company may at times be moderately volatile (in the absence of compensating investment techniques) and the risk profile of the Company may change.

For more information in relation to investment in derivatives please see paragraph 9 and 10 in Appendix III.

### **5.7. OTC Derivatives**

If the counterparty to the Company in relation to an OTC Derivative became insolvent or is unable to meet its obligations under the OTC Derivative, then the Company would likely suffer a loss which may have a significant impact on the investment performance of the Company.

### **5.8. Unregulated Collective Investment Schemes**

The Company may make investments in unregulated collective investment schemes. These may invest in highly illiquid securities which may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. An investor should be aware that liquidity constraints and the extent to which the Company's securities are valued by independent sources are factors which could have an impact on the Company's valuation.

## **5.9.Liquidity**

In normal market conditions the Company's assets comprise realisable investments which can be readily sold. One of the liabilities of the Company is the redemption of any shares that investors wish to sell. In general, the Company manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the redemptions are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Company. If there were significant requests for redemptions of shares in the Company at a time when a large proportion of the Company's assets were invested in investments with low liquidity, then the Company's ability to fund those redemptions may be impaired and it may be necessary to suspend dealings in shares in the Company.

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

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

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

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

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the "parent company" as an indicator of their credit risk or an

unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

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

#### **5.11. Counterparty and Settlement Risk**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### **5.12. Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Company

#### **5.13. Inflation and Interest Rates**

The real value of any returns that an investor may receive from the Company could be affected by interest rates and inflation over time.

#### **5.14. Custody**

There may be a risk of loss where the assets of the Company are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

#### **5.15. Warrants**

Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows, within a subscribed period, the right to apply for shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of

the warrant. Therefore the larger the fund holding in warrants the larger the risk of volatility.

#### **5.16. Non-UCITS Retail Schemes**

Such funds can have wider investment and borrowing powers than UCITS schemes, with higher investment limits applying in various areas. They may also be able to invest to a greater extent in areas such as property and unregulated collective investment schemes, and have the potential to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

#### **5.17. Investment Trusts**

The Company may invest in investment trusts. These are public limited companies quoted on the London Stock Exchange. The price of their shares depends on supply and demand and may not reflect the value of the underlying assets. It may be higher 'at a premium' or lower 'at a discount'. The discount and premium varies continuously and represents an additional measure of risk and reward. **Gearing** - investment trusts can borrow money, which can then be used to make further investments. In a rising market, this 'gearing' can enhance returns to shareholders. However if the market falls, losses will also be multiplied. The level of gearing needs to be carefully judged and monitored to produce a benefit.

#### **5.18. Leverage Risk**

Leverage is where a fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Fund.

## **6. MANAGEMENT AND ADMINISTRATION**

### **6.1. Regulatory Status**

The ACD, the Depositary and the Portfolio Manager are authorised and regulated by the Financial Conduct Authority.

### **6.2. Authorised Corporate Director and AIFM**

#### **6.2.1. General**

The ACD and AIFM is Tutman Fund Solutions Limited which is a private company limited by shares, incorporated in England and Wales under the Companies Act 1985 on 30 July 1985 with company number 01934644.

The directors of the ACD are:

Nicola Palios      Non-Executive Chair

David Tyerman    Chief Executive Officer

Stephen Mugford   Finance Director

Jenny Shanley     Director Fund Administration

Carol Lawson      Independent Non-Executive Director

Sally Macdonald   Independent Non-Executive Director

Linda Robinson    Independent Non-Executive Director

Caroline Willson   Independent Non-Executive Director

Nicola Palios, David Tyerman and Stephen Mugford are also directors of Thesis Unit Trust Management Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD, performing senior management functions. They hold directorships of other companies within the Thesis group and perform senior management functions within Thesis Asset Management Limited, which may act as an investment manager for some authorised funds operated by the ACD from time to time.

Jenny Shanley is not engaged in other business activities that are of significance to the Company.

Carol Lawson and Caroline Willson are also independent non-executive directors of Thesis Unit Trust Management Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD. They are not engaged in other business activities that are of significance to the Company.

Sally Macdonald and Linda Robinson are also independent non-executive directors of Thesis Unit Trust Management Limited, an authorised fund manager within the same group as the ACD. They are not engaged in other business activities that are of significance to the Company.

|                                     |                                                                                                       |
|-------------------------------------|-------------------------------------------------------------------------------------------------------|
| <b>Registered Office:</b>           | Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.                               |
| <b>Share Capital:</b>               | It has a share capital of £50,000 of ordinary shares of £1 each, all of which are issued and paid up. |
| <b>Principal Place of Business:</b> | Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.                               |

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

It has therefore delegated to the Portfolio Manager the function of portfolio management and advisory services in relation to the assets of the Company (as further explained in paragraph 6.4 below). It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below).

#### **6.2.2. Terms of Appointment**

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

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument

of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after the expiry of two years from the date of incorporation of the Company on not less than six months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

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

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix IV.

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), the ACD may transfer any sums being held as client money to the New ACD, who will continue to hold the money in accordance with FCA client money rules.

The Shareholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER.

### **6.3. The Depositary**

NatWest Trustee & Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered office is at 250 Bishopsgate, London EC2M 4AA, which is also its head office. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

#### **6.3.1. Duties of the Depositary**

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

##### **Conflicts of interest**

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the non-UCITS retail scheme or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations 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.

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

##### **Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon, London Branch (BNYM LB) (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”)

#### **6.3.2. Terms of Appointment**

The appointment of the Depositary has been made under an agreement between the Company, the ACD and the Depositary, (the “Depositary Agreement”).

The terms of the Depositary Agreement between the Company, the ACD and the Depositary provide that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the Regulations, which include the taking of reasonable care to ensure that the Company is managed in accordance with those parts of the Regulations that concern pricing and dealing in shares of the Company, income and compliance of the Company with its investment and borrowing powers. .

The Depositary will not be held liable for any loss incurred by it, or through any of its agents in carrying out its obligations or functions, unless such loss arises from its negligence, fraud or wilful default.

The Depositary Agreement provides indemnities to the Depositary to the extent allowed by the Regulations and except in respect of its failure to exercise due care and diligence or in the event of its negligence, fraud or wilful default.

The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as explained in paragraph 7.3 “Depositary’s fee and expenses” below. 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.

### **6.4. The Portfolio Manager**

#### **6.4.1. General**

The ACD has appointed the Portfolio Manager, Evelyn Partners Investment Management LLP to provide investment management services to the ACD. The Portfolio Manager is authorised and regulated by the Financial Conduct Authority.

The Portfolio Manager's registered office is at 45 Gresham Street, London, EC2V 7BG.

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

#### **6.4.2. Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Portfolio Manager include the provision of investment management to attain the investment objective of the Company, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Portfolio Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Portfolio Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. The Agreement may be terminated by either party on not less than (1) one months' written notice or earlier upon the happening of certain specified events.

The Portfolio Manager will receive a fee paid by the ACD out of its remuneration received each month from the Company as explained in paragraph 7.4 below and is also entitled to receive commission paid by the ACD in respect of investment in the Company by its clients.

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

### **6.5. The Registrar**

#### **6.5.1. General**

On behalf of the Company the ACD has also appointed Tutman Fund Solutions Limited to act as registrar to the Company.

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

The Register is kept and maintained at 177 Bothwell Street, Glasgow, G2 7ER.

### **6.5.2. Register of Shareholders**

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

The plan register, where applicable, (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs)) can be inspected at the office of the Registrar.

### **6.6. The Auditors**

The auditors of the Company are Johnston Carmichael LLP, whose address is Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL and they are responsible for auditing the annual accounts of the Company and expressing an opinion on certain matters relating to the Company in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the Regulations and the Instrument of Incorporation.

### **6.7. Conflicts of Interest**

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

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

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

## **7. FEES AND EXPENSES**

### **7.1. Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 3.6) payable by a Shareholder or out of Scheme Property are set out in this section.

The Company may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- 7.1.1. broker's commission, 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;
- 7.1.2. any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
- 7.1.3. any costs incurred by the Company in publishing the price of the shares in a national or other newspaper or any other media;
- 7.1.4. any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 7.1.5. any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 7.1.6. any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.7. any costs incurred in respect of meetings of Shareholders convened for any purpose;
- 7.1.8. any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 7.1.9. interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.10. taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- 7.1.11. the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.12. the fees of the FCA, in accordance with the FCA's Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or

territory outside the United Kingdom in which shares in the Company are or may be marketed;

7.1.13.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;

7.1.14.any costs incurred by the Company associated with independent risk monitoring or daily “value at risk” or “VaR” calculations;

7.1.15.any payments otherwise due by virtue of a change to the Regulations; and

7.1.16.any value added or similar tax relating to any charge or expense set out herein.

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

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Company is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 3.6.5 “Stamp Duty Reserve Tax”). If deductions were made from capital, this would result in capital erosion and constrain growth.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Fund will be paid for by the Investment Manager out of its fees, as relevant in relation to the Fund, and will not be charged to the Fund.

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

### **7.2.1. *Annual Management Charge***

The annual management charge is calculated and accrued daily by reference to the Net Asset Value of the Company on the last Business Day of the preceding month. The amount due for each month is required to be paid as soon as practicable after the month-end. The current management charges are set out in Appendix 1.

The Thesis Group remuneration policy is designed to be compliant with the AIFMD Remuneration Code contained in SYSC 19B of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners,

directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy.

Details of the Thesis Group remuneration policy are available on the website <https://www.tutman.co.uk/remuneration-policy/>. A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 483 9701.

#### *7.2.2. Registration Fees*

The ACD is entitled to receive a fee out of the Scheme Property of the Company for providing registration services, (including establishing and maintaining sub-registers where applicable) out of which the ACD will pay the fees of the Registrar. Such fee is payable monthly and is accrued daily in arrears by reference to the Net Asset Value of the Company on the immediately preceding Dealing Day. The registration fee is an amount equal to 0.03% of the net asset value of the Company subject to a minimum of £1,500 and a maximum of £100,000 per annum of the Company.

#### *7.2.3. Expenses*

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above.

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

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

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

### **7.3. Depositary's Fee and Expenses**

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

**Value of Company**

**Fee**

|                                      |         |
|--------------------------------------|---------|
| Below £50,000,000                    | 0.0275% |
| Between £50,000,000 and £100,000,000 | 0.025%  |
| Above £100,000,000                   | 0.02%   |

Subject to a minimum fee of £7,500 per annum plus VAT on the amount of the periodic charge will be paid out of Scheme Property.

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

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Depositary delegates the function of custody of the Scheme Property to The Bank of New York Mellon SA/NV, London Branch.

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

The current remuneration ranges from between 0.003% per annum to 0.50%\* per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Company are held. The current range of transaction charges is between £5.00 and £87.53 per transaction plus VAT (if any). Custody and transaction charges will be payable monthly in arrears.

\*With the exception of:

- USA (Physical Securities) - £14 per line per calendar month.
- Not in Bank / Not in Custody Assets - £65 per line per calendar month.

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties

or exercising any powers conferred upon it in relation to the Company. Such expenses include, but are not restricted to:

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

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

#### **7.4. Portfolio Manager's Fee**

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

Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

## **8. INSTRUMENT OF INCORPORATION**

The Instrument of Incorporation is available for inspection at the ACD's offices at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.

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

### **9.1. Class and Company Meetings**

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

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

### **9.2. Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **9.3. Notice and Quorum**

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

### **9.4. Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the

Shares in issue at a reasonable date before the notice of the meeting is sent out, such date to be decided by the ACD.

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

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

Except where the COLL Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

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

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

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

#### **9.5. Variation of Class Rights**

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

## **10. TAXATION**

### **10.1. General**

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Company and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and/or the place where the Scheme Property is invested. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future, which could affect the value of your investments.

### **10.2. The Company**

The Company is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives) held within it. However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Company (whether directly or through another United Kingdom authorised investment Company) will generally be exempt from corporation tax. The Company will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the gross amount of interest distributions. Where the Company suffers foreign withholding tax on income received, this will generally be an irrecoverable tax expense.

The Company will make dividend distributions except where more than 60% of its property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

### **10.3. Shareholders**

#### **10.3.1. Income**

The Company will pay dividend distributions (which will be automatically retained in the Company in the case of accumulation Shares) with a tax credit. Individuals liable to income tax at the basic rate will have no further liability to tax. Higher and additional rate taxpayers will have a further

income tax liability on the amount received. The tax credit on dividend distributions cannot be reclaimed.

#### **10.3.2. Interest**

Where the Company pays an interest distribution (which will be automatically retained in the Company in the case of accumulation Shares) this will be net of the basic rate of tax. Non-taxpayers may reclaim the tax credits on interest distributions paid, and starting rate (on savings income) taxpayers may reclaim part of them. Higher and additional rate taxpayers will have a further income tax liability on the amount received.

#### **10.3.3. Income Equalisation**

The first income allocation received by an investor after buying Shares may include an amount of income equalisation, which will be shown on the issued tax voucher. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

#### **10.3.4. Tax Vouchers**

A tax voucher will be issued in line with the income distribution dates set out in Appendix 1. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Tutman Fund Solutions Limited, 177 Bothwell Street, Glasgow, G2 7ER.

#### **10.3.5. Capital Gains**

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares. The rate of tax, and available reliefs, will be as applicable from time to time.

An exchange of Shares between classes within a Company is generally not treated as a disposal for this purpose.

#### **10.3.6. EU Savings Directive**

Under the EU Council Directive on taxation of savings income member states of the European Union ("Member States") and certain dependent territories

are required to report to the tax authorities of other Member States details of payments of interest and other similar income from certain types of collective investment funds (which may include income arising as a result of the sale and redemption of the Company's shares) paid by a person who is a "paying agent" for the purposes of the Directive to an individual resident for the purposes of the Directive in another Member State. However, a number of Member States and dependent territories instead impose a system of withholding tax as an alternative to reporting.

#### **10.3.7. Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act (FATCA) was passed into US law in 2010 as part of the Hiring Incentives to Restore Employment Act. The aim of FATCA, which is to counter tax evasion by US citizens, is achieved by the imposition of a 30% withholding tax on US-sourced income and proceeds from the sale of assets received by non-compliant financial institutions. As a qualifying financial institution, the Company must therefore comply with FATCA to avoid this withholding tax.

To be compliant with FATCA the Company must provide information about certain US persons' Shareholdings. To facilitate a UK financial institution's compliance obligations the UK has signed an intergovernmental agreement (IGA) with the US. Under the IGA and its accompanying UK law, the information submitted to the Company by Shareholders may be passed on to HM Revenue & Customs and this information will, in turn, be shared by HM Revenue & Customs with the US Internal Revenue Service.

A failure to provide the information required by the Company may result in the ACD taking appropriate action against the Shareholder including invoking the compulsory transfer and redemption provisions set out in paragraph 3.8.

FATCA is a complex area of tax law and investors should consult their professional advisers on the implications it may have for them.

## 11. WINDING UP OF THE COMPANY

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

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

The Company shall be wound up under the COLL Sourcebook:

- 11.1. if an extraordinary resolution to that effect is passed by Shareholders; or
- 11.2. when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below £3 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or
- 11.3. on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

On the occurrence of any of the above:

- 11.4. COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;
- 11.5. the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;
- 11.6. no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 11.7. where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 11.8. the corporate status and powers of the Company and subject to 11.4 to 11.7 above, the powers of the Depositary shall continue until the Company is dissolved.

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

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

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

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

## **12. GENERAL INFORMATION**

### **12.1. Accounting Periods**

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

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.

### **12.2. Notice to Shareholders**

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

### **12.3. Income Allocations**

The interim and final income allocation dates in respect of the Company are set out in Appendix I. Income is allocated in respect of the income available at each accounting date.

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

For accumulation Shares, income will become part of the capital property of the Company and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

The Authorised Corporate Director and the Depositary have agreed a de minimis amount of £20 in respect of distribution of income payments made by cheque.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses of the Company paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income

allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

#### **12.4. Annual Reports**

An annual report of the Company will be published within four months of each annual accounting period and a half-yearly report will be published within two months of each interim accounting period. The annual and half-yearly reports are available upon request.

#### **12.5. Documents of the Company**

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

12.5.1. the Prospectus;

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

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

12.5.4. the material contracts referred to below.

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

#### **12.6. Material Contracts**

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

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

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

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

#### **12.7. Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Exchange Building, St John's Street, Chichester,

West Sussex, PO19 1UP. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

#### **12.8. Telephone Recordings**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

#### **12.9. Information Available to Shareholders**

The following information will be made available to Shareholders as part of the Company's periodic reporting and, as a minimum, in the annual report:

- 12.9.1 the percentage of the Company's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees will apply to these assets;
- 12.9.2 the current risk profile of the Company, and information on the risk management systems used by the ACD to manage those risks;
- 12.9.3 the total amount of leverage employed by the Company calculated in accordance with the gross and commitment methods; and
- 12.9.4 any material changes to the information above.

It is intended that Shareholders will be notified promptly of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which the Company may employ will be provided to Shareholders without undue delay.

#### **12.10 Changes to the Company**

Where any changes are proposed to be made to the Company the ACD will assess, with input from the Depositary, whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Changes to the Company's investment objective and investment policy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in

how the Company is managed. Certain changes to the Company may require approval by the FCA in advance.

If the change is regarded as fundamental, Shareholder approval will be required. If a change requires Shareholder approval, this will mean that Shareholders will need to approve the change at a meeting. The procedure for Shareholder meetings is described above at Section 9.

If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change.

#### **12.11 Complaints**

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP or alternatively via email at [info@tutman.co.uk](mailto:info@tutman.co.uk).

If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567.

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

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or the Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

#### **12.12 Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £85,000 per person per firm.

#### **12.13 Telephone Recording**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. 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.

#### **12.14 Best Execution**

The ACD must act in the best interests of the Fund when executing decisions to deal on behalf of the Fund. The ACD's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Fund. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company. Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

#### **12.15 Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Fund, an Investment Manager or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or ACD will return to the Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to the Fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

#### **12.16 Distribution Channels**

Shares in, and information on, the Company are and will continue to be marketed and made easily and widely available to reach the intended categories of investors and in a manner appropriate to attract those categories of investors. The intended categories of investors are retail and institutional investors.

#### **12.17 Risk Management**

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

- 12.16.1 the quantitative limits applying in the risk management of the Company;
- 12.16.2 the methods used in relation to 12.16.1; and
- 12.16.3 any recent development of the risk and yields of the main categories of investment.

#### **12.18 Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain

circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

#### **12.19 Professional Liability Risks**

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through additional own funds.

#### **12.20 Fair Treatment of Investors**

Procedures, arrangements and policies have been put in place by the ACD, with appropriate oversight and input from the Depositary, to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- 12.19.1 acting in the best interest of the Company and of the investors;
- 12.19.2 executing the investment decisions taken for the account of the Company in accordance with the objectives, the investment policy and the risk profile of the Company;
- 12.19.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 12.19.4 ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company managed;
- 12.19.5 preventing undue costs being charged to the Company and investors;
- 12.19.6 taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and
- 12.19.7 recognising and dealing with complaints fairly.

From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the Company and its investors.

In particular, the ACD will typically exercise its discretion to waive the initial charge or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers, institutional investors including fund of fund investors and fund-link investors. The ACD may also

have agreements in place with such groups of investors which result in them paying a reduced annual management charge.

## **12.21 Shareholders' Rights**

- 12.20.1 Shareholders are entitled to participate in the Company on the basis set out in this prospectus (as amended from time to time). Sections 12.11 ("Complaints"), 9 ("Shareholder Meetings and Voting Rights"), 12.4 ("Annual Reports") and 12.5 ("Documents of the Company") of this prospectus set out important rights about Shareholders' participation in the Company.
- 12.20.2 Shareholders may have no direct rights against the service providers to the Company set out in Section 6.
- 12.20.3 The ACD must ensure that this Prospectus does not contain any untrue or misleading statement or omit any matter required to be disclosed in the Prospectus by the FUND Sourcebook or the COLL Sourcebook. To the extent that a Shareholder incurs loss as a consequence of an untrue or misleading statement or omission, the ACD may be liable to compensate that Shareholder subject to the ACD having failed to exercise reasonable care to determine that the statement was true and not misleading or that the omission was appropriate, in accordance with the FCA Handbook.
- 12.20.4 Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.
- 12.20.5 Shareholders who are concerned about their rights in respect of the Company should seek legal advice.

## **12.22 Governing Law and Jurisdiction**

The ACD treats a Shareholder's participation in the Company as governed by the law of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Company.

## APPENDIX I

### COMPANY DETAILS

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name:</b>                                                    | <b>The Tully Fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Type of Scheme:</b>                                          | Non-UCITS retail scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>FCA Product Reference Number:</b>                            | 455908                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Investment Objective and Investment Policy and Strategy:</b> | <p>To provide growth of capital and income from a globally diversified portfolio of transferable securities (including equities and bonds), collective investment schemes, money market instruments and cash. There may be occasions where the focus is on certain geographic areas, sectors or asset types. Where the ACD considers that a defensive strategy is appropriate the portfolio may hold a high proportion of cash.</p> <p>The Company may only use derivatives and forward transactions for investment purposes, or for Efficient Portfolio Management, on the giving of 60 days' notice to Shareholders. Where notice is given to permit the use of derivatives and forward transactions for Efficient Portfolio Management, this is not intended to increase the risk profile of the Company. The use of derivatives for investment purposes may involve additional risks for shareholders.</p> |
| <b>Benchmark:</b>                                               | <p>Shareholders may compare the performance of the Company against the Morningstar PIMFA Balanced Index. The ACD has selected this comparator benchmark as it believes this benchmark best reflects the Company's asset allocation.</p> <p>The benchmark is not a target for the Company, nor is the Company constrained by the benchmark.</p> <p>The Morningstar Indexes are the exclusive property of Morningstar, Inc. Morningstar, Inc., its affiliates and subsidiaries, its direct and indirect information providers and any other third party involved in, or</p>                                                                                                                                                                                                                                                                                                                                      |

related to, compiling, computing or creating any Morningstar Index (collectively, “Morningstar Parties”) do not guarantee the accuracy, completeness and/or timeliness of the Morningstar Indexes or any data included therein and shall have no liability for any errors, omissions, or interruptions therein. None of the Morningstar Parties make any representation or warranty, express or implied, as to the results to be obtained from the use of the Morningstar Indexes or any data included therein.

### **Ongoing Charges Figure (OCF)**

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year’s expenses.

The figure may vary from year to year and it excludes the costs of buying or selling assets for the Company (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID can be provided free of charge on request.

|                                           |                                                              |                  |                |
|-------------------------------------------|--------------------------------------------------------------|------------------|----------------|
| <b>Final accounting date:</b>             | 30 June                                                      |                  |                |
| <b>Interim accounting date:</b>           | 31 December                                                  |                  |                |
| <b>Income distribution dates:</b>         | 31 August (final)<br>Last business day of February (interim) |                  |                |
| <b>Shares Classes and type of Shares:</b> | Net Income and Net Accumulation                              |                  |                |
| <b>Initial charge:</b>                    | 8%                                                           |                  |                |
| <b>Redemption charge:</b>                 | Nil                                                          |                  |                |
| <b>Switching charge:</b>                  | Nil                                                          |                  |                |
| <b>Annual Management Charge:</b>          | 1.0%                                                         |                  |                |
| <b>Charge for investment research</b>     |                                                              | <b>No Charge</b> |                |
| <b>Allocation of charges</b>              |                                                              | <b>Income</b>    | <b>Capital</b> |
| <b>AMC</b>                                |                                                              | 100%             |                |

|                                                    |                                                       |      |      |
|----------------------------------------------------|-------------------------------------------------------|------|------|
| Ongoing operating costs                            |                                                       | 100% |      |
| Dealing and registration                           |                                                       | 100% |      |
| Depositary                                         |                                                       | 100% |      |
| Custody                                            |                                                       | 100% |      |
| Portfolio transactions (SDRT, broker's commission) |                                                       |      | 100% |
| <b>Investment minima:*</b>                         |                                                       |      |      |
| Lump sum                                           | £100,000                                              |      |      |
| Holding                                            | £100,000                                              |      |      |
| Top-up                                             | £10,000                                               |      |      |
| Regular Savings Plan                               | N/A                                                   |      |      |
| Redemption                                         | N/A                                                   |      |      |
| <b>Past performance:</b>                           | Past performance information is set out in Appendix V |      |      |

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

The maximum level of leverage for this Company expressed as a ratio of the Company's total exposure to its Net Asset Value

- (a) under the Gross Method is 3.2:1; and
- (b) under the Commitment Method is 1.2:1.

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Company may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in the UK or an EEA State which are regulated, operate regularly and are open to the public.

The Company may also deal through the securities and derivatives markets indicated below:

#### Eligible Securities Markets

The United Kingdom and any other EEA State

|                                 |                                                                                              |
|---------------------------------|----------------------------------------------------------------------------------------------|
| United States of America        | New York Stock Exchange (NYSE)<br>The NASDAQ Stock Market (NASDAQ)<br>NYSE MKT Equities      |
| Australia                       | Australian Securities Exchange (ASX)                                                         |
| Canada                          | Toronto Stock Exchange (TSX)<br>TSX Venture Exchange                                         |
| Hong Kong                       | Hong Kong Exchange                                                                           |
| Japan                           | Tokyo Stock Exchange (TSE)<br>Osaka Securities Exchange (OSE)<br>Nagoya Stock Exchange (NSE) |
| Republic of Korea (South Korea) | Korea Exchange (KRX)                                                                         |
| Mexico                          | Bolsa Mexicana de Valores (BMV)                                                              |
| New Zealand                     | New Zealand Exchange (NZX)                                                                   |
| Singapore                       | Singapore Exchange (SGX)                                                                     |
| South Africa                    | JSE Limited                                                                                  |
| Switzerland                     | SIX Swiss Exchange (SWX)                                                                     |
| Thailand                        | The Stock Exchange of Thailand (SET)                                                         |
| United Kingdom                  | Alternative Investment Market of the<br>London Stock Exchange (AIM)                          |

## Eligible Derivatives Markets

|                |                                                                                                                                                       |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australia      | Australian Securities Exchange (ASX)                                                                                                                  |
| Canada         | Montreal Exchange                                                                                                                                     |
| Denmark        | NASDAQ OMX Copenhagen                                                                                                                                 |
| Finland        | OMX Helsinki                                                                                                                                          |
| France         | NYSE Euronext Paris                                                                                                                                   |
| Germany        | Eurex Deutschland                                                                                                                                     |
| Hong Kong      | Hong Kong Exchange                                                                                                                                    |
| Japan          | Osaka Securities Exchange<br>Tokyo Stock Exchange                                                                                                     |
| Mexico         | Bolsa Mexicana de Valores                                                                                                                             |
| Netherlands    | NYSE Euronext Amsterdam                                                                                                                               |
| Spain          | MEFF Renta Fija<br>MEFF Renta Variable                                                                                                                |
| South Africa   | JSE (SAFEX) Limited                                                                                                                                   |
| Sweden         | NASDAQ OMX Stockholm                                                                                                                                  |
| Switzerland    | Eurex Zurich                                                                                                                                          |
| United Kingdom | EDX London<br>The London International Financial Futures and Options Exchange (NYSE LIFFE)                                                            |
| United States  | Chicago Board Options Exchange<br>Chicago Mercantile Exchange<br>New York Mercantile Exchange<br><br>NYSE Arca<br>NASDAQ OMX NFX<br>NYSE Amex Options |

## **APPENDIX III**

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

#### **1. General**

The Scheme Property of the Company will be invested with the aim of achieving the investment objective of the Company but subject to the limits set out in the investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook (“COLL 5”) that are applicable to non-UCITS retail schemes.

Normally, the Company will be fully invested save for an amount to enable redemption of Shares, efficient management of the Company in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Company.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Company, there may be times when the Portfolio Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

The Company will not maintain an interest in any immovable property or moveable property for the direct pursuit of the ICVCs business.

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

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

##### **1.2. Cover**

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

possible liability of the Company under any other of those rules has also to be provided for.

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

1.2.2.1. it must be assumed that in applying any of those rules, the Company must also simultaneously satisfy any other obligation relating to cover; and

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

## **2. Non-UCITS Retail Schemes - General**

2.1. Subject to the investment objective and policy of the Company, the Scheme Property must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1. transferable securities;

2.1.2. money-market instruments;

2.1.3. units or shares in permitted collective investment schemes;

2.1.4. permitted derivatives and forward transactions; and

2.1.5. permitted deposits;

2.1.6. permitted immovables (the Company does not currently invest in immovables); and

2.1.7. gold up to a limit of 10% in value of the Scheme Property (the Company does not currently invest in gold).

The Company will not invest directly in gold but main gain indirect exposure to these asset classes through investment types permitted under the investment policy and COLL.

2.2. Transferable securities and money-market instruments held within the Company must (subject to paragraph 2.3 of this Appendix) be:

2.2.1. admitted to or dealt on an eligible market as described below;

2.2.2. be approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 (Investment in money market instruments) of in this Appendix;

2.2.3. recently issued transferable securities provided that:

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

2.2.3.2. such admission is secured within a year of issue.

2.3. Transferable securities and money-market instruments held within the Company must subject to a limit of 20% in value of the Scheme Property be:

2.3.1. transferable securities which are not within 2.2.1 to 2.2.3; or

2.3.2. money-market instruments which are liquid and have a value which can be determined accurately at any time.

2.4. The requirements on spread of investments do not apply until 12 months after the later of:

2.4.1. the date when the authorisation order in respect of the non-UCITS retail scheme takes effect; and

2.4.2. the date the initial offer commenced;

provided that 1.1 (Prudent spread of risk) is complied with during such period.

2.5. Up to 5% of the Scheme Property may be invested in warrants.

2.6. Transferable securities held by the Company must also satisfy the criteria in COLL 5.2.7AR, COLL 5.2.7CR and COLL 5.2.7ER for the purposes of investment by a UK UCITS scheme.

### **3. Eligible Markets Regime: Purpose**

3.1. This section specifies criteria as to the nature of the markets in which property of a Non-UCITS scheme may be invested.

3.2. Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as a breach beyond the control of the ACD..

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

3.3.1. a regulated market as defined in the FCA Handbook; or

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

3.3.3. a market falling within paragraph 3.4 of this Appendix.

3.4. A market falling within paragraph 3.3.3 of this Appendix is eligible for the purposes of COLL 5 if:

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

3.4.2. the market is included in a list in the Prospectus; and

3.4.3. the Depositary has taken reasonable care to determine that:

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

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

3.5. In paragraph 3.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

#### **4. Spread: General**

4.1. This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.6.8R (Spread: government and public securities) applies.

4.2. Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.

4.3. Not more than 10% in value of the Scheme Property is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).

4.4. The limit of 10% in paragraph 4.3 above is raised to 25% in value of the Scheme Property in respect of covered bonds.

- 4.5. In applying paragraph 4.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.6. The COLL Sourcebook provides that not more than 35% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.
- 4.7. The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.
- 4.8. For the purpose of calculating the limit in paragraph 4.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 4.8.1. it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.8.2. it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.8.3. it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.8.4. can be fully enforced by the Company at any time.
- 4.9. For the purposes of calculating the limits in paragraph 4.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 4.9.1. comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable; and
  - 4.9.2. are based on legally binding agreements.
- 4.10. In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 4.10.1. it is backed by an appropriate performance guarantee; and
  - 4.10.2. it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## 5. Spread: Government and Public Securities

- 5.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued or guaranteed by:
- 5.1.1 the UK or an EEA State; or
  - 5.1.2 a local authority of the UK or an EEA State; or
  - 5.1.3 a non-EEA State other than the UK; or
  - 5.1.4 a public international body to which the UK or one or more EEA States belong.
- 5.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 5.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 5.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company;
  - 5.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - 5.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
  - 5.3.4 the following disclosures in the Prospectus required by the FCA have been made in the most recently published Prospectus.
- 5.4 In giving effect to the foregoing object more than 35% of the Scheme Property as the case may be invested in such securities issued or guaranteed by the Government of the United Kingdom and Northern Ireland; the Scottish Administration, the Executive Committee of the Northern Ireland Assembly; or the National Assembly of Wales; the Governments of Austria; Belgium; Denmark; Finland; France; Germany; Greece; Ireland; Italy; Luxembourg; the Netherlands; Portugal; Spain and Sweden and the Governments of Australia; Canada; Japan; New Zealand; Switzerland or the

United States of America and securities issued by the European Investment Bank;

## **6. Investment in Collective Investment Schemes**

6.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided that Second Scheme satisfies all of the following conditions.

6.1.1. The Second Scheme must:

- 6.1.1.1 be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- 6.1.1.2 be authorised as a non-UCITS retail scheme; or
- 6.1.1.3 be recognised under the provisions of Section 272 of the Financial Services and Markets Act 2000; or
- 6.1.1.4 be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or
- 6.1.1.5 be a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 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.

6.1.2. The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.

6.1.3. The Second Scheme is prohibited from having more than 15% in value of the scheme property consisting of units or shares in collective investment schemes (unless COLL 5.6.10AR applies).

6.1.4. The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.

6.1.5. Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 and section 4 (Spread: general) above would apply to each sub-fund as if it were a separate scheme.

6.1.6. Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD (which includes the Portfolio Manager) if the prospectus of the Company clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

6.2 The Company may, subject to the limit set out in 6.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates.

## **7 Investment in Feeder Schemes**

7.1 A non-UCITS retail scheme that is not a feeder NURS may, if the following conditions are met, invest in units of:

- i. a feeder UCITS; or
- ii. a feeder NURS; or
- iii. a scheme dedicated to units in a single property authorised investment fund; or
- iv. a scheme dedicated to units in a recognised scheme.

7.2 The relevant master UCITS must comply with COLL 5.2.13R (2), (3) and (4) as if it were the second scheme for the purpose of that rule.

7.3 The relevant qualifying master scheme, property authorised investment fund or recognised scheme must comply with COLL 5.6.10R (2) to (5) as if it were the second scheme for the purpose of that rule.

7.4 Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under (7.1) (i) to (iv).

7.5 The non-UCITS retail scheme must not invest directly in units of the relevant master UCITS, qualifying master scheme, property authorised investment fund or recognised scheme.

- 7.6 The authorised corporate director of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under (7.1) (i) to (iv) is:
- a) in the interests of investors; and
  - b) no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant:
    - i. master UCITS; or
    - ii. qualifying master scheme; or
    - iii. property authorised investment fund;
    - iv. recognised scheme.

## **7. Investment in Nil and Partly Paid Securities**

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

## **8. Investment in Money-Market Instruments**

8.1. The Company may invest up to 100% in money-market instruments which are within the provisions of 2.2 above or 8.2 below and subject to the limit of 20% referred to in 2.3 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.

8.2. In addition to instruments admitted to or dealt in on an eligible market, the Company may invest in an approved money-market instrument provided it fulfils the following requirements:

- 8.2.1. the issue or the issuer is regulated for the purpose of protecting investors and savings; and
- 8.2.2. the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.

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

- 8.3.1. the instrument is an approved money-market instrument;

8.3.2. appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and

8.3.3. the instrument is freely transferable.

## **9. Derivatives: General**

The Company does not currently use derivatives for the purposes of Efficient Portfolio Management or for investment purposes in the pursuit of its investment objectives as stated in the Prospectus.

The Company may use derivatives and forward transactions for Efficient Portfolio Management or for investment purposes on giving 60 days' notice to shareholders. Where it does so, this will be in accordance with the Risk Management Policy ("RMP") which is available on request from the Authorised Corporate Director.

The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Company. The use of derivatives for investment purposes may involve additional risks for shareholders. Also, the Company may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (writing) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

9.1. Due to the relatively simple derivative strategies that may be used by the fund, the Authorised Corporate Director will treat the fund as an 'Investment Purposes without VaR' fund and monitor its risk using the commitment approach. The leverage, as measured using this approach, cannot exceed 100%.

- 9.2. The commitment approach measures the exposure generated by a derivative position, as the market value of assets which have the equivalent economic risks and rewards of the derivative position.
- 9.3. The sum of the absolute value of all these equivalent positions, after allowing for netting and hedging, is then the leverage generated by the fund's derivatives' positions. This leverage level must comply with the RMP.
- 9.4. The use of derivatives and forward transactions for investment purposes may cause the Company's risk profile to change. However, it is the Portfolio Manager's intention that the Fund, owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.
- 9.5. The Portfolio Manager may also employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM").
- 9.6. It is not intended that the use of derivatives and forward transactions for EPM purposes will cause the Company's risk profile to increase.
- 9.7. A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in section 11 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by section 19 (Cover for investment in derivatives and forward transactions).
- 9.8. Where a Company invests in derivatives, the exposure to the underlying assets must not exceed the limits in COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) set out in sections 4 and 5 above, except for index based derivatives where the rules in paragraph 9.12 below apply.
- 9.9. Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of calculating any limit in this section.
- 9.10. A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

- 9.10.1. by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 9.10.2. its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 9.10.3. it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.11. A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.12. Where the Company invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R set out in sections 4 and 5 (relating to spread).
- 9.13. The Relaxation in 9.12 above is subject to the ACD taking account of COLL 5.6.3 (Prudent spread of risk) set out in section 1.1 above.
- 10. Efficient Portfolio Management (EPM)**
- 10.1 Subject to the investment objective and policy, the Company may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Company entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA's COLL sourcebook.
- 10.2 There is no guarantee that the Company will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative

instruments are utilised for hedging purposes (reduction of the risk profile of the Company), the risk of loss to the Company may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.

- 10.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Company. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Company. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Company.
- 10.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Company may accept. A copy of this is available from the ACD on request.
- 10.5 Investors should note that EPM transactions may be effected in relation to the Company in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Company. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Company and its investors. The ACD and Investment Manager will ensure that the Company and its investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.
- 10.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Company, net of direct and indirect operational costs and fees.

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

- 11.1 A transaction in a derivative must be:
  - 11.1.1 in an approved derivative; or
  - 11.1.2 be one which complies with paragraph 15 (OTC transactions in derivatives).
- 11.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Company is dedicated:
  - 11.2.1 transferable securities;

- 11.2.2 money-market instruments;
  - 11.2.3 permitted deposits;
  - 11.2.4 derivatives and forward transactions permitted under this paragraph;
  - 11.2.5 collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes);
  - 11.2.6 permitted immovables;
  - 11.2.7 gold up to a limit of 10% of the scheme property of the Company;
  - 11.2.8 financial indices which satisfy the criteria set out in COLL 5.2.20AR set out in paragraph 12 below;
  - 11.2.9 interest rates;
  - 11.2.10 foreign exchange rates; and
  - 11.2.11 currencies.
- 11.3 The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraph 4 (Spread: general), paragraph 2.3 and paragraph 5 (Spread: government and public securities) above.
- 11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A list of the current eligible derivatives markets is set out in Appendix 2. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.
- 11.5 A transaction in a derivative must not cause the Company to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 11.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 14.2 are satisfied.
- 11.7 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).

- 11.8 The ACD must ensure compliance with COLL 5.3.3AR (Cover for investment in derivative and forward transactions), 5.3.3BR and 5.3.3CR (Daily calculation of global exposure) set out in section 19 below.
12. **Financial Indices Underlying Derivatives**
- 12.1 The financial indices referred to in paragraph 11.2 are those which satisfy the following criteria:
- 12.1.1 the index is sufficiently diversified;
  - 12.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 12.1.3 the index is published in an appropriate manner.
- 12.2 A financial index is sufficiently diversified if:
- 12.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 12.2.2 where it is composed of assets in which the Company is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 12.2.3 where it is composed of assets in which the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 12.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 12.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 12.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 12.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 12.4 A financial index is published in an appropriate manner if:

- 12.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- 12.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 12.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 11.2 be regarded as a combination of those underlyings.
- 13. **Transactions for the Purchase of Property**
- 13.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.
- 14. **Requirement to Cover Sales**
- 14.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless:
  - 14.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and
  - 14.1.2 the property and rights above are owned by the Company at the time of the agreement.
- 14.2 This requirement does not apply to a deposit.
- 14.3 The requirement in 14.1.1 above could be met where:
  - 14.3.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

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

14.3.2.1 cash;

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

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

14.4 In the asset classes referred to in 14.3, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market

## **15. OTC Transactions in Derivatives**

15.1 Any transaction in an OTC derivative under paragraph 11 must be:

15.1.1 in a future or an option or a contract for differences;

15.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook); or a person whose permission (including any requirements or limitations), as published in the Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

15.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD:

15.1.3.1 carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

- 15.1.3.2 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
  - 15.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
    - 15.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
    - 15.1.4.2 if the value referred to in paragraph 15.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
  - 15.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
    - 15.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
    - 15.1.5.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- 15.2 For the purposes of section 15.1.3, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

## 16. Risk Management

The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Company's positions and their contribution to the overall risk profile of the Company.

**17. Investments in 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.

**18. Schemes Replicating an Index**

18.1 The Company may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy (in the most recently published prospectus) is to replicate the performance or composition of a relevant index as defined below.

18.2 The 20% limit can be raised for the Company up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

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

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

18.4.1 the composition is sufficiently diversified;

18.4.2 the index is a representative benchmark for the market to which it refers; and

18.4.3 the index is published in an appropriate manner.

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

19.1 Subject to the investment objective and policy, the Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

19.2 Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative

obligation to which the Company is committed. Detailed requirements for cover of the Company are set out below.

- 19.3 A future is to be regarded as an obligation to which the Company is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which the Company is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 19.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 19.5 The ACD must ensure that its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property.
- 19.6 The ACD must calculate its global exposure on at least a daily basis.
- 19.7 For the purposes of this section, exposure must be calculated taking into account the current value for the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

## **20. Borrowing**

- 20.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 19.5 of this Appendix except where 20.2 applies.
- 20.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being on deposit with the lender (or his agent or nominee), then this paragraph applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

## **21. Cash and Near Cash**

- 21.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

- 21.1.1 the pursuit of the Company's investment objective; or
  - 21.1.2 the redemption of shares; or
  - 21.1.3 efficient management of the Company in accordance with its investment objective; or
  - 21.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Company.
- 21.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **22. General**

- 22.1 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of a the Company or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Company.
- 22.2 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 22.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

## **23. Underwriting**

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

## **24. General Power to Borrow**

- 24.1 The Company may subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms

that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

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

24.3 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).

**25. Restrictions on Lending of Money**

25.1 None of the money in the Scheme Property may be lent and, for the purposes of this prohibition, money is lent by the Company if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

25.2 Acquiring a debenture is not lending for the purposes of paragraph 25.1, nor is the placing of money on deposit or in a current account.

**26. Restrictions on Lending of Property other than Money**

26.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

26.2 Transactions permitted by paragraph 29 (Stock lending) are not to be regarded as lending for the purposes of paragraph 26.1.

26.3 Where transactions in derivatives or forward transactions are used for the account of the company in accordance with any of the rules in COLL 5, nothing in this rule prevents the company or the depositary at the request of the company, from Nothing in this paragraph prevents the Company or the Depositary at the request of the Company from lending, depositing, pledging or charging Scheme Property for margin requirements; or transferring scheme property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**27. General Power to Accept or Underwrite Placings**

27.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject

to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.

27.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

27.3 The exposure of the Company to agreements and understandings as set out above, must on any day be covered under paragraph 19 above (Cover for investment in derivatives and forward transactions) and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## 28. **Guarantees and Indemnities**

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

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

28.3 Paragraphs 28.1 and 28.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used in accordance with COLL 5, and:

28.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

28.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

28.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first shareholders in the Company.

**29. Stock Lending**

29.1 The Company may only enter into a stock lending arrangement or repo contract in accordance with the provisions of this section if it reasonably appears to the Company or the ACD to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk.

29.2 The Company, or the Depositary at the Company's request, may enter into a repo contract or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

29.2.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form acceptable to the Depositary and are in accordance with good market practice;

29.2.2 the counterparty (the person obliged to transfer the property under the stock lending agreement) is:

29.2.2.1 an authorised person; or

29.2.2.2 a person authorised by a Home State Regulator; or

29.2.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

29.2.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America:

(a) the Office of the Comptroller of the Currency;

(b) the Federal Deposit Insurance Corporation;

(c) the Board of Governors of the Federal Reserve System; and

(d) the Office of Thrift Supervision; and

29.2.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in 29.2.1 and the collateral is acceptable to the Depositary, adequate and sufficiently immediate. This does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

29.3 Collateral is only adequate if it is transferred to the Depositary or its agent, is at least equal in value at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary and in the form of one or more of cash or a certificate of deposit or a letter of credit or a readily realisable security, commercial paper with no embedded derivative content or a qualifying money market fund. Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose ACD is) the authorised fund manager of the investing scheme or an associate of that authorised fund manager, the conditions in COLL 5.2.16 R (Investment in other group schemes) must be complied with whether or not the investing scheme is a UCITS scheme or a non-UCITS retail scheme. The collateral must be transferred before or at the time of the transfer of the securities by the Depositary, or is transferred at the latest by the close of business on the day of the transfer. The property transferred is part of the property of the Company however, together with the amount of the collateral, is irrelevant to the value of the scheme property. Any agreement for transfer at a future date of property or of collateral may be regarded as an unconditional agreement for the sale or transfer of property.

29.4 There is no limit on the value of the scheme property which may be the subject of repo contracts or stock lending transactions within this section.

### **30. Leverage**

30.1 This section explains in what circumstances and how the ACD may use leverage in respect of the Company where the investment policy of the Company permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

30.2 Leverage when used in this prospectus means the following sources of leverage can be used when managing the Company:

30.2.1 cash borrowing, subject to the restrictions set out in paragraph 20 ("Borrowing") of this Annex;

30.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 9 (“Derivatives - general”), 11 (“Permitted transactions (derivatives and forwards)”), 13 (“Transactions for the purchase of property”), 14 (“Requirement to cover sales”), 15 (“OTC transactions in derivatives”), 19 (“Cover for investments in derivatives and forward transactions”) and 20 (“Borrowing”) of this Annex.

30.3 The ACD is required to calculate and monitor the level of leverage of the Company, expressed as a ratio between the exposure of the Company and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method (so for the Company with no borrowing or derivative usage the leverage ratio would be 1:1).

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

30.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;

30.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;

30.4.3 derivative instruments are converted into the equivalent position in their underlying assets;

30.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;

30.4.5 include 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; and

30.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

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

30.5.1 include the sum of all assets purchased, plus the absolute value of all liabilities;

30.5.2 derivative instruments are converted into the equivalent position in their underlying assets;

30.5.3 apply netting and hedging arrangements;

30.5.4 calculate the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Company;

30.5.5 include other arrangements that increase the exposure of the Company.

30.6 The maximum level of leverage which the Company may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix 1.

30.7 In addition, the total amount of leverage employed by the Company will be disclosed in the Company's annual report.

## APPENDIX IV

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES

**List of Authorised Funds for which Tutman Fund Solutions Limited acts as authorised fund manager or authorised corporate director**

| Authorised Unit Trusts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Investment Companies with Variable Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dragon Trust<br>Eagle Fund<br>Evelyn Witch General Trust<br>Langham Trust<br>Magnum Trust<br>Marathon Trust<br>Orchard Fund<br>Ourax Unit Trust<br>Spenser Fund<br>SVS DW Asia Income & Growth Fund<br>SVS Dowgate Wealth UK New Economies Fund<br>SVS Sanlam European Equity Fund<br>SVS Sanlam Fixed Interest Fund<br>SVS Sanlam North American Equity Fund<br>The Acorn Trust<br>The Alkerton Trust<br>The Barro II Trust<br>The Capital Balanced Fund<br>The Dream Trust<br>The Enterprise Trust<br>The Global Opportunities Fund<br>The Ilex Fund<br>The Jetwave Trust<br>The Lancaster Trust<br>The Millennium Fund<br>The Plain Andrews Unit Trust<br>The Securities Fund<br>Worldwide Growth Trust | Aystwick Fund<br>Bute Fund<br>Earlstone Fund<br>Evelyn Partners Funds<br>Evelyn Partners Investment Funds ICVC<br>Forest Fund ICVC<br>Gallatin Fund<br>Ganymede Fund<br>GFS Investments Fund<br>Glairnox Fund<br>Gryphon Investment Funds<br>Hercules Managed Funds<br>Issodola Fund<br>JC Investments Fund<br>Kanthaka Fund<br>Moorgate Funds ICVC<br>New Square Investment Funds<br>Peleides Fund<br>Pendennis Fund ICVC<br>Pharaoh Fund<br>Pityoulish Investments Fund<br>Quercus Fund<br>Sardasca Fund<br>Sherwood Fund<br>Smithfield Funds<br>Starhunter Investments Fund<br>Stratford Place Fund<br>Sussex Fund<br>SVS AllianceBernstein UK OEIC<br>SVS Aubrey Capital Management Investment Funds<br>SVS Baker Steel Global Investors OEIC<br>SVS Baker Steel Gold and Precious Metals Fund<br>SVS Brooks Macdonald Fund<br>SVS Brown Shipley Multi Asset Portfolio<br>SVS Cornelian Investment Funds<br>SVS Dowgate Cape Wrath Focus Fund<br>SVS Dowgate Wealth Funds ICVC<br>SVS Heritage Investment Fund<br>SVS Kennox Strategic Value Fund<br>SVS RM Funds ICVC<br>SVS Saltus Onshore Portfolios<br>SVS WAM Investment Funds |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | SVS Zeus Investment Funds ICVC<br>Sylvan Funds<br>Taber Investments Fund<br>The Air Pilot Fund<br>The Auk Fund<br>The Aurinko Fund<br>The Blu-Frog Investment Fund<br>The Brighton Rock Fund<br>The Cheviot Fund<br>The Daisybelle Fund<br>The Dinky Fund<br>The Dunninger Fund<br>The Folla Fund<br>The Galacum Fund<br>The Global Balanced Strategy Fund<br>The Gloucester Portfolio<br>The Headspring Fund<br>The Headway Fund<br>The Jake Fund<br>The Jay Fund<br>The Kingfisher Fund<br>The Loch Moy Fund<br>The Magpie Fund<br>The MF Fund<br>The Milne Fund<br>The Nectar Fund<br>The Norton Fund<br>The Princedale Fund<br>The Rosslyn Fund<br>The SBB Fund<br>The Staffordshire Portfolio<br>The Stellar Fund<br>The SVS Levitas Funds<br>The SVS Meadowside Fund<br>The Touchstone Investment Fund<br>The Tully Fund<br>The Westhill Investment Fund<br>TS Campana Fund<br>Vagabond Investment Fund<br>White Oak Fund<br>Windrush Fund |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## APPENDIX V

### PAST PERFORMANCE AND INVESTOR PROFILE

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

Past performance is no indication of future performance.

Please note that all performance information is at 31 December 2025. For more up-to-date performance information, please contact the ACD.



Source: FE Fundinfo 2026

Before 10/02/2016 the Fund had different characteristics. The Fund's investment objective and investment policy changed on 10/02/2016 and the performance before this date was achieved using an objective and investment policy that no longer applies.

Mid to Mid, net of taxes and charges, net income reinvested. Performance does not include the effect of any initial or redemption charges.

**NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. PLEASE SEE APPENDIX I FOR THE COMPANY'S OBJECTIVES AND BELOW AND OVERLEAF FOR AN EXPLANATION OF INVESTOR PROFILES AND RISK CATEGORIES.**

Please note: the source for performance data has recently been changed. This change may have resulted in variations from previously published performance figures. These variations are deemed to be insignificant both individually and cumulatively.

### **Investor profiles**

The Company is marketable to all eligible investors provided they can meet the minimum age and subscription levels.

The Company may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with or understand products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Company may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether these products are suitable for you, please contact a professional adviser.

The Tully Fund may be suitable for those investors wanting to achieve growth of capital and income over the long time term.

## **APPENDIX VI**

### **TYPICAL INVESTOR PROFILE(S)**

Below is an indication of the target market of the Fund as required under MiFID II and its supplementing regulations, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of this Fund please seek advice from your professional adviser.

This Fund is suitable for all investor types whose knowledge and experience is informed or experienced, coming into the Fund from all available distribution channels. Investors should be seeking no capital guarantee and be able to bear losses up to their full investment. The Fund seeks to increase capital and grow income over a long time period. Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

## APPENDIX VII

### DIRECTORY

**The Company and Head Office:**

The Tully Fund  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

**Authorised Corporate Director:**

Tutman Fund Solutions Limited  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

**Depository:**

NatWest Trustee & Depositary Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

**Principal Place of Business**

NatWest Trustee & Depositary Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh  
EH12 1HQ

**Portfolio Manager:**

Evelyn Partners Investment Management LLP  
45 Gresham Street  
London  
EC2V 7BG

**Transfer Agent**

Tutman Fund Solutions Limited  
177 Bothwell Street  
Glasgow  
G2 7ER

For Dealing: 0141 483 9700

For Prices, Registration and Other Enquiries: 0141 483 9701

Email: [TADealing@tutman.co.uk](mailto:TADealing@tutman.co.uk)

**Registrar:**

Tutman Fund Solutions Limited  
177 Bothwell Street  
Glasgow  
G2 7ER

**Auditors:**

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL