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PROSPECTUS

of

**TM FIRST ARROW INVESTMENT FUNDS**

An umbrella NURS  
Investment Company with Variable Capital

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Prepared in accordance with the Collective Investment Schemes Sourcebook.

Valid as at and dated 10 October 2024

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

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

FCA firm reference number: 186882

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## **IMPORTANT INFORMATION**

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

The Company has been established as a Non-UCITS retail scheme. It is not intended that the Company will be marketed outside the UK.

This document constitutes the prospectus for TM First Arrow Investment Funds and has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL) and the Investment Funds Sourcebook (FUND), which form part of the FCA Handbook, and complies with the requirements of COLL 4.2.5R and FUND 3.2.2R. Copies of this prospectus have been sent to the FCA and to the Depositary.

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

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

No person has been authorised by the Company 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 on as having been made by the Company. The delivery of this prospectus (whether or not accompanied by any reports) or the issue of Shares shall, under no circumstances, create any implication that the matters stated in this prospectus or the affairs of the Company have remained unchanged since the date of this prospectus.

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

The provisions of the Company's instrument of incorporation are binding on each Shareholder (who is taken to have notice of them).

**This prospectus is based on information, law and practice as at the date of this prospectus. This prospectus will be updated pursuant to the requirements of the COLL Sourcebook and will cease to have any effect on the publication by the Company of a subsequent prospectus. Potential investors should check with the ACD that this is the most recently published prospectus. Neither the Company nor the ACD accepts any liability either in respect of any application for Shares**

**made on the basis of this prospectus or in respect of any reliance on this prospectus once it has been superseded.**

**Investment in Shares carries substantial risk. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. Investment in Shares is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further the section headed "Risk Factors" at paragraph 5).**

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

**POTENTIAL INVESTORS LOCATED OUTSIDE OF THE UNITED KINGDOM:**

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.

Shares have not been, and will not be, registered under any of the relevant securities laws of Canada, Australia, Switzerland or Japan. Accordingly, unless an exemption under relevant securities law is applicable, Shares may not be offered, sold or delivered, directly or indirectly, in, into or from Canada, Australia, Switzerland or Japan and copies of this prospectus are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from Canada, Australia, Switzerland or Japan.

**United States:** The Company has not been and does not intend to become registered under the 1940 Act. Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the states of the US. Shares may not be offered or sold directly or indirectly within the US or to US Persons (as defined in Regulation S under the 1933 Act) or in the US. Any re-offer or resale of any Shares in the US may constitute a violation of US law.

Shares are being offered outside the US to non-US persons in reliance upon the exemption from registration provided by Regulation S under the 1933 Act.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Instrument of Incorporation and to the extent applicable the 1933 Act.

Shares may not be acquired or held directly or indirectly by any "benefit plan investor" (as defined in 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), or other employee benefit plan, individual retirement account or other similar account that is subject to any

federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended.

## **Electronic Verification**

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

## **Data Protection**

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

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

## 1 Introduction

This is the Prospectus for TM First Arrow Investment Funds (Company). In this Prospectus the below words and expressions shall have the following meanings:

## 2 Definitions

**ACD** Thesis Unit Trust Management Limited, being the authorised corporate director of the Company

**Act** the Financial Services and Markets Act 2000

**AIFM** an alternative investment fund manager as defined in the FCA Glossary

**AIFMD** means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010

**AIFMD Level 2 regulation** as defined in the FCA Glossary

**AIFMD UK regulation** means the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)

**Administrator** Northern Trust Global Services SE, UK branch in its capacity as the administrator to the ACD in respect of the Company

**Approved Bank** means (in relation to a bank account opened for the Company):

- a) if the account is opened at a branch in the UK;
  - i) the Bank of England; or
  - ii) the central bank of a member state of the OECD; or
  - iii) a bank; or
  - iv) a building society; or
  - v) a bank which is supervised by the central bank or other bank regulator of a member state of the OECD; or
- b) if the account is opened elsewhere:
  - i) a bank in a); or
  - ii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- c) a bank supervised by the South African Reserve Bank; or



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

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

**Associate** as defined in the FCA Glossary

**Business Day** a weekday being Monday to Friday (excluding any public or bank holiday in England)

**CASS** the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time

**Class** or **Classes** in relation to Shares, (according to the context) all of the Shares relating to a single Fund or a particular class or classes of Share relating to the Fund

**Class Proportion Account** the notional account maintained for a Class of Shares in accordance with paragraph 7.10 under "Valuation and Pricing".

**COLL** refers to the appropriate chapter or rule in the COLL Sourcebook

**COLL Sourcebook** the Collective Investment Schemes Sourcebook issued by the FCA as part of the FCA Handbook, as amended or re-issued from time to time, which shall, for the avoidance of doubt, not include guidance or evidential requirements it contains

**Company** TM First Arrow Investment Funds

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

**Data Protection Laws** means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:

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

**Dealing Day** the last Business Day of each month (and/or such other day or days as the ACD may from time to time determine and agree with the Depositary)

**Depository** NatWest Trustee and Depository Services Limited, or such other entity as is appointed to act as depository

**Depository Agreement** the agreement between the Company, the ACD and the Depository regarding the appointment of the Depository

**Director** or **Directors** the directors of the Company from time to time (including the ACD)

**EEA** means the European Economic Area

**EEA State** a member state of the European Union and any other state which is within the EEA

**Eligible Institution** as defined in the FCA Glossary

**EMIR** as defined in the FCA Glossary

**EUWA** means the European Union (Withdrawal) Act 2018

**FAIF** a fund of alternative investment funds, as defined in the FCA Handbook

**FCA** the Financial Conduct Authority. The address, for the FCA, is set out in the Directory at the back of this Prospectus

**FCA Glossary** means the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time

**FCA Handbook** the FCA's Handbook of rules and guidance as amended from time to time

**FCA Rules** the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either sourcebook

**Financial Instrument** as defined in the FCA Glossary

**Fund** a sub-fund (as defined in the Instrument of Incorporation) of the Company

**FUND** the rules contained in the Investment Funds sourcebook published by the FCA as part of the FCA Handbook made under the Act as it may be amended, supplemented or replaced from time to time

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

**Home State** as defined in the FCA Glossary

**Instrument of Incorporation** the instrument of incorporation constituting the Company, as amended from time to time

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

**Investment Manager** Windmill Hill Asset Management Limited, the investment manager appointed by the ACD

**Net Asset Value** or **NAV** the value of the Scheme Property of the Company or the Fund (as the context may require) less the liabilities of the Company or the Fund as calculated in accordance with the Instrument of Incorporation

**Net Asset Value per Share** in respect of the Fund, the value of any Share calculated at any Valuation Point by dividing the Net Asset Value of the Fund by the number of Shares in issue or deemed to be in issue in the Fund at that time

**Non-UCITS Retail Scheme** or **NURS** an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund

**OECD** the Organisation for Economic Co-operation and Development

**OEIC Regulations** the Open-Ended Investment Companies Regulations 2001, as amended or re-enacted from time to time

**Register** the register of Shareholders

**Registrar** Northern Trust Global Services SE, UK branch, in its capacity as the registrar to the ACD in respect of the Company

**Regulations** the OEIC Regulations and the FCA Handbook

**Scheme Property** the property of the Company or the Fund (as appropriate) to be held by the Depositary for safekeeping, as required by the FCA Handbook

**SDRT** stamp duty reserve tax

**Share** or **Shares** a share or shares in the Company (including, as the context may require, larger denomination shares or smaller denomination shares) as defined in the Instrument of Incorporation

**Shareholder** a holder of Shares

**UCITS** an undertaking for collective investment in transferable securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary.

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

**UK AIF** as defined in the FCA Glossary

**UK AIFM** an AIFM established in the UK and with a permission under Part 4A of the Act to carry on the regulated activity of managing an AIF

**UK AIFM regime** means: (a) the AIFMD UK regulation, (b) the AIFMD Level 2 regulation, and (c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK

**UK CRR** means the UK version of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012, which is part of UK law by virtue of the EUWA

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

**UK UCITS** as defined in the FCA Glossary

**United Kingdom** or **UK** the United Kingdom of Great Britain and Northern Ireland

**United States** or **US** the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia

**US Person** a person who is in either of the following two categories:

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

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

**Valuation Point** the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or the Fund (as the context may require) for the purpose of determining the price at which Shares of a Class in the Fund may be issued, cancelled or redeemed. The current Valuation Point is 22.30 p.m. on each Dealing Day

**VAT** value added tax

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

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

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

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

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

Unless otherwise defined in paragraph 2 above, or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.

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

### **3 The Company**

#### **General**

#### **3.1 The Company**

- (a) TM First Arrow Investment Funds is an open-ended investment company with variable share capital incorporated in England and Wales. The Company's registered number is IC000871 and the FCA product reference number is 537299.
- (b) The Company was authorised by the Financial Services Authority (the predecessor to the FCA) with effect from 17 May 2011.
- (c) The Company has been authorised to operate as a 'Non-UCITS Retail Scheme' operating as a fund of alternative investment funds (**FAIF**) for the purposes of the COLL Sourcebook and as an umbrella company for the purposes of the OEIC Regulations. It is also a UK AIF for the purposes of the UK AIFM regime.
- (d) Shareholders are not liable for the debts of the Company.

- (e) The address of the Company's head office is Exchange Building, St. John's Street, Chichester, PO19 1UP. This 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.
- (f) The share capital of the Company is set out at paragraph 6.1. The base currency of the Company is set out at paragraph 3.7.

### 3.2 **Funds**

- (a) The Company is structured as an umbrella in that different Funds may be established from time to time. The Scheme Property of the Company may be divided among one or more Funds.
- (b) The Fund established at the date of this Prospectus and available for investment, is the **TM First Arrow Diversified Fund** (FCA product reference number 637685).
- (c) The Fund is invested in accordance with the investment objective and investment policy applicable to it as if it were a separate 'Non-UCITS Retail Scheme' operating as a FAIF for the purposes of the COLL Sourcebook.

### 3.3 Further details of the Fund, including an investor profile (paragraph 4.9), are set out under "Fund" at paragraph 4.

- (a) The Fund comprises a specific and separate portfolio of assets and liabilities of the Company which are attributable to the Class or Classes of Shares issued in respect of the Fund. So far as the Shareholders are concerned, the Fund is treated as a separate entity and its assets invested for its exclusive benefit.
- (b) The Company as a whole will be responsible for all obligations attributed to the Fund, unless otherwise agreed with specific creditors. The Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to the Fund. Once the Company has more than one Fund, to the extent that any Scheme Property of the Company, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between the Funds in a manner which is fair to the Shareholders generally, which means that they will normally be allocated to all Funds pro rata to the value of the net assets of the Funds.
- (c) The Company's Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose.

- (d) Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that sub-fund, and within each Fund charges will be allocated between Share Classes in accordance with the terms of issue of those Share Classes. Any assets, liabilities, expenses, costs or charges not attributable to one Fund only and allocated in accordance with FCA Rules, may be reallocated by the ACD within the Company provided that such reallocation shall be done in a manner which is fair to the Shareholders as a whole. This will normally be pro rata to the Net Asset Value of the relevant Fund. So far as the Shareholders are concerned, each Fund is treated as a separate entity.
- (e) While the provisions of the OEIC Regulations provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

### 3.4 **Investments Objectives and Policies**

- (a) Further details of the investment objective and policy of the Fund are set out under "Fund" at paragraphs 4.1 and 4.2. Investment of the Fund's assets must comply with the COLL Sourcebook and the Fund's investment objective and policy. A summary of the Company's investment and borrowing powers under the COLL Sourcebook and the eligible securities and derivatives markets on which the Company can deal are set out in Schedule 1 and Schedule 2 respectively to this Prospectus.
- (b) **The Fund may invest in derivatives, including forwards, for both hedging and investment purposes, which may increase both the volatility of, and risks inherent in an investment in, the Fund.** The Fund may also invest in units of collective investment schemes, including those managed by the ACD or companies associated with the ACD.
- (c) The investment policy of the Fund may mean that at times, when it is considered appropriate, the property of the Fund will not be fully invested and that prudent levels of liquidity will be maintained. This will only occur when the ACD reasonably regards it as necessary to enable Shares to be redeemed or for the efficient management of the Fund in accordance with its investment objectives or a purpose which may reasonably be regarded as ancillary to the investment objective of the Fund.
  - (a) The Fund may also hold ancillary liquid and/or illiquid assets.
  - (d) The Fund will not have a direct interest in immovable property or tangible movable property (although issuers of transferable securities in which the Fund may invest may have such interests). Accordingly, the Fund is not likely to incur any expenses in respect of such property.

### 3.5 **Further Funds**

Subject to the approval of the FCA, the ACD may establish additional Funds from time to time. On the introduction of any new Fund, a revised prospectus will be issued including the relevant details of each new Fund.

### 3.6 **Duration and Winding-up**

The Company has an unlimited duration. Information on the winding-up of the Company and termination of the Fund is set out at paragraph 14 (Winding-up of the Company or the Fund).

### 3.7 **Base Currency**

The base currency of the Company is the lawful currency of England and Wales for the time being, currently pounds sterling.

### 3.8 **Shares**

- (a) Currently two Classes of Shares in respect of the Fund may be issued by the Company, being income Shares and accumulation Shares.
- (b) The minimum subscription, holding and redemption requirements for the existing Classes in the Fund are set out under "Fund" at paragraph 4.4. The amounts of the preliminary and redemption charges for the existing Classes in the Fund are set out under Dealing Charges at paragraphs 8.18 to 8.21 (although each of these limits and amounts may be waived in whole or in part at the discretion of the ACD).
- (c) Shares in the Company are not listed on any investment exchange.
- (d) The Company may create and make available such further Classes in respect of the Fund as the ACD may decide, whether or not falling within one of the Classes in existence on incorporation (but subject to such class being permitted to be issued under the Instrument of Incorporation). On the introduction of any new Class, a revised prospectus will be prepared including the relevant details of each new Class.
- (e) Information relating to Shareholders' meeting and voting rights is set out under "Meetings and Voting Rights" at paragraph 13.
- (f) The attention of prospective investors in the Company is also drawn to the information on risks associated with an investment in the Company under "Risk Factors" at paragraph 5 and the information under "Taxation" at paragraph 10.

### 3.9 **Valuation, pricing and dealing**

Information on how Shares are valued and priced is set out under "Valuations and



Pricing” at paragraph 7 and information on purchasing or redeeming Shares is set out under “Dealing” at paragraph 8.

### 3.10 **Income and Distributions**

Details of the Company’s income and distribution policies and accounting and allocation dates are set out under “Income and Distributions” at paragraph 9.

### 3.11 **Management and Administration**

ACD and AIFM:	Thesis Unit Trust Management Limited
Investment Manager:	Windmill Hill Asset Management Limited
Depository:	NatWest Trustee and Depository Services Limited
Administrators:	Northern Trust Global Services SE, UK branch
Auditors:	Grant Thornton UK LLP

Further details of the ACD, the Depository, Investment Manager and the Administrator, as well as a summary of the key terms of their appointments, are set out under “Management and Administration” at paragraph 11.

### 3.12 **Charges** (other than dealing charges)

Further details of the charges of the ACD, the Investment Manager, the Depository and other service providers are set out under “Charges and Expenses” at paragraph 12. Charges on purchases, redemptions or switches of Shares are set out under “Dealing Charges” on page 38 of this Prospectus.

## **4 The Fund**

### **TM First Arrow Diversified Fund**

#### 4.1 **Investment Objective**

The investment objective of the Fund is to achieve long-term capital appreciation.

#### 4.2 **Investment Policy**

The Fund primarily invests in regulated and unregulated collective investment schemes and transferable securities in closed ended investment companies (together **Investment Funds**) in order to seek exposure to a diversified portfolio of asset classes, which collectively have relatively low exposure to equity market risk and volatility. The Investment Funds are managed by third party investment managers selected by the Investment Manager operating across developed and developing markets. The Investment Funds selected by the Investment Manager aim to include, but shall not be limited to, eligible fixed income funds, credit funds, absolute return funds, equity funds (both ‘long-only’ and hedged), private equity

funds (including debt, buyout and venture) and real assets (including real estate, energy, infrastructure and commodity funds). In addition, the Fund may invest in transferable securities (including listed equities, bonds and, subject to the limits in the COLL Sourcebook, unlisted equities) offering exposure to a similar range of asset classes.

The Fund may also invest in money market instruments, cash and near cash, deposits, derivatives and forward transactions, which in the Investment Manager's opinion will either further the Fund's investment objective or with the aim of spreading investment risk and giving the holders of the units the benefit of the results of the management of the scheme property.

### **Performance Comparator**

The Fund uses the Morgan Stanley Capital International (MSCI) World All Country (GBP) Index for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the Fund itself is likely to invest, and it is therefore an appropriate comparator for the Fund's performance.

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

Subject to the COLL Sourcebook and the investment restrictions set out in Schedule 1, there are no specific limits on the size of any one investment, but the Investment Manager does not expect that any investment with any one Investment Fund will represent a significant portion of the Fund's total invested capital.

The COLL Sourcebook stipulates how the ACD will be required to either notify Shareholders or seek their approval in relation to changes to the Fund's investment policy. Fundamental changes to the investment policy will require prior approval from Shareholders by way of an extraordinary resolution. Significant changes to the investment policy will require a prior written notice to Shareholders and must not be less than 60 days, and notifiable changes to the investment policy will require Shareholders being notified in accordance with the COLL Sourcebook but will not necessarily require Shareholders being notified prior to the change taking effect.

### **4.3 Reference Currency**

Sterling (GBP)

### **4.4 Minimum Initial and Subsequent Investment in and Minimum Holding of Shares (by value):**

Minimum initial investment:	£100,000
Minimum subsequent investment:	£1,000
Minimum holding:	£100,000

The ACD may at its absolute discretion accept subscriptions and/or holdings below the minimum amount(s).

#### 4.5 **Classes of Share available**

- a) Income Shares
- b) Accumulation Shares

#### 4.6 **Management charge**

The management charge for each Class in the Fund (expressed as a percentage per annum of Net Asset Value of the Fund) is up to 0.5 % (currently 0.390%) (plus any VAT thereon).

- 4.7 Risk Factors specific to the TM First Arrow Diversified Fund - please also see under "Risk Factors" at paragraph 5.

**IN VIEW OF THE RISK FACTORS SET OUT BELOW, INVESTMENT IN THE FUND SHOULD BE VIEWED AS A LONG-TERM INVESTMENT.**

#### 4.8 **Past Performance**

Details of the past performance of the Fund is set out in Schedule 4. **It must be emphasised that past performance is not necessarily a guide to future growth or rates of return.**

#### 4.9 **Typical Investor Profile**

This Fund is suitable for retail investors who are familiar with and have appetite for investing in alternative investment funds and who understand that their investment may not be as readily realisable as would be the case with more conventional authorised schemes. The investor should see this Fund as aiming to achieve long-term investment goals with a horizon of over three years.

## **5 Risk Factors**

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

### **General**

- 5.1 The investments of the Fund 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 Fund. **There is no certainty that the investment objective of the Fund will be achieved and no warranty or representation is given to this effect.**

### **Collective Investment Schemes**

- 5.2 The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. These underlying assets may vary from time to time but each category of assets has individual risks associated with it.
- 5.3 Where the Fund invests in collective investment schemes, the Fund and the ACD may not have control over the activities of any collective investment scheme or company invested in by the Fund. Notwithstanding the due diligence carried out on collective investment schemes in which the Fund invests, investors should be aware that managers of collective investment schemes and companies in which the Fund has invested may take undesirable tax positions, employ excessive leverage, or otherwise manage the collective investment scheme or company in a manner not anticipated by the ACD.
- 5.4 The Fund may invest up to 100% of the Scheme Property in collective investment schemes that are unregulated and thus may carry greater risks than more conventional regulated collective investment schemes. In particular, schemes which are unregulated collective investment schemes will not be recognised or authorised by the FCA. Unregulated schemes operate in offshore centres that are unlikely to offer a level of investor protection equivalent to the United Kingdom. These schemes may deal infrequently and may limit redemptions. Investments may involve significant risk.
- 5.5 Hedge funds, property funds and funds containing other alternative asset classes may deal infrequently, may limit redemptions and may contain investments which are not readily realisable. Investments which are not readily realisable means there is no recognised market for such investments, in which case it may be difficult to deal in these investments or to obtain reliable information about their value or the extent of risk to which these are exposed.

### **Currency Exchange Rates**

- 5.6 Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment.

### **Over-the-Counter Counterparty and Market Risk**

- 5.7 The Fund may hold derivatives in OTC markets. The fair value of these derivatives will take into account their tendency to have limited liquidity and possibly higher price volatility. In addition, the Fund will be exposed to credit risk on

counterparties with whom the transactions are made and will bear the risk of settlement default with those counterparties. However, there are specific rules in the COLL Sourcebook with respect to OTC transactions in derivatives, compliance with which may reduce the risk and magnitude of any potential loss to the Fund.

### **Effect of Preliminary Charge or Redemption Charge**

- 5.8 Where a preliminary charge or redemption charge is imposed, an investor who realises their Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.
- 5.9 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 redemption price rather than the initial price of the Shares. If the price of the Shares has increased, the redemption charge will show a corresponding increase.

### **Dilution Adjustment and SDRT Provision**

- 5.10 Investors should note that in certain circumstances a dilution adjustment may be applied on their purchase or redemption of Shares (see "Dilution Adjustment" at paragraph 8.22) or a provision for SDRT may be applied on the purchase, redemption or transfer of Shares (see the paragraph titled "Stamp Duty and Stamp Duty Reserve Tax" in this prospectus).

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

- 5.11 Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Suspension of dealings in Shares" at paragraph 8.59).

### **Currency Exchange Rates**

- 5.12 Currency fluctuations may adversely affect the value of the Fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of their investment in Shares.

### **Infectious Diseases**

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

### **Smaller Companies**

- 5.14 Where the Fund invests in smaller companies, the nature and size of these companies means that their shares may be less liquid than those of larger companies and that their share prices may, from time to time, be more volatile. Investment in such companies is likely, therefore, to involve greater risk than investment in larger companies. Investors should consider whether or not

investment in such Fund is either suitable for or should constitute a substantial part of an investor's portfolio.

### **Interest rate fluctuations**

- 5.15 The Fund may have a high concentration of fixed interest or index linked securities, and fluctuations in interest rates are likely to affect the capital value of investments. If long term interest rates rise, the capital value of an investor's Shares is likely to fall and vice versa. The value of an investment will fall should an issuer default or receive a reduced credit rating.

### **Regulatory Risks of Hedge Funds**

- 5.16 The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of the Company to obtain the return it might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Company. The effect of any future regulatory or tax change on the Company is impossible to predict.

### **Financial Derivative Instruments**

- 5.17 The Company may use futures, options, swaps, forwards and other derivative instruments for both the purpose of meeting the investment objectives of the Fund and hedging against either price or currency fluctuations. The ACD's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Company; (ii) the absence of a liquid market for any particular instrument at any particular time; (iii) while the Company may not be leveraged or geared in any way through the use of derivatives, the degree of leverage inherent in futures trading, i.e., the low margin deposits normally required in futures trading, means that futures trading may be highly leveraged; accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to the Company; and (iv) possible impediments to the ability to meet redemption requests or other short-term obligations because of the percentage of the Company's assets segregated to cover its obligations. Hedging strategies necessarily add costs to the Company.
- 5.18 **Derivatives may be used by the Fund for investment purposes and for the purposes of efficient portfolio management (including hedging). This may mean that the net asset value of the Fund could be subject to volatility from time to time however, it is the ACD's intention that the Fund, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the relevant markets or their underlying investments and therefore it is not**

**anticipated that the use of derivative techniques will alter or change the risk profile of the Fund.**

5.19 For derivative instruments other than purchased options, any loss suffered may exceed the amount of the initial investment made or the premium received by the Company. OTC derivative instruments involve an enhanced risk that the counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures contract or an option thereon can vary from the previous day's settlement price. Once the daily limit is exceeded, no trades may be made that day at a price beyond the limit. This may prevent the Company from closing out positions and limiting its losses.

5.20 The ACD may enter into currency hedging transactions for the purposes of reducing risk by limiting the effect of movements in exchange rates on the value of the relevant currency class shares. Currency hedged transactions in respect of these share classes which are intended to mitigate the effects of exchange rate fluctuations between the currency of the hedged currency shares and the base currency of the Company may not be able to completely eliminate the effects of adverse changes in exchange rates. Similarly there may be a risk that commitments arising from currency hedging transactions may not be capable of being met out of the property attributable to the relevant currency class shares, and may therefore be required to be satisfied out of the Scheme Property of other share classes within the Company. There is therefore a risk of 'contagion' in that other share classes within the Company may be affected by the hedging transactions undertaken in respect of the currency hedged shares.

**Emerging Markets**

5.21 Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

5.22 The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

5.23 The following is a brief summary of some of the more common risks associated with emerging markets investment:

- (a) **Fraud:** It is possible that securities in which investments are made may be at greater risk from fraudulent practices in jurisdictions where there is no or little regulatory structure. As a result, it is possible that loss may be suffered.
- (b) **Lack of Liquidity:** The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, price volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.
- (c) **Currency Fluctuations:** Significant changes in the value of currencies of the countries in which investments are made relative to the Fund's base currency may occur following the investment of the Fund in securities denominated in such currencies. These changes may impact the total return of the Fund to a significant degree. In respect of currencies of certain emerging countries, it is not practicable to undertake currency hedging techniques.
- (d) **Settlement and Custody Risks:** Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities may not be as sophisticated. As a result, there is a risk that settlement may be delayed, causing costs, liabilities or other disadvantages to the Fund.

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

- (e) **Investment and Remittance Restrictions:** In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to the Fund because the maximum permitted number of or investment by foreign Shareholders has been reached. In addition, the outward remittance by foreign investors of their profits, capital, interest and dividends may be restricted or require governmental approval. The Fund will only invest in markets in which it believes these restrictions to be acceptable in light of its investment objective



and policy and its dealing practices. However, there can be no guarantee that restrictions or additional restrictions will not be imposed.

- (f) **Accounting:** Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets may differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities and the performance of existing investments may be difficult to assess properly.

## **6 Shares**

### **Share Capital**

- 6.1 The maximum capital of the Company is £1,000,000,000,000 and the minimum is £1,000,000.
- 6.2 The capital of the Company at all times equals its Net Asset Value.

### **Shares**

- 6.3 Shares may be issued in larger and smaller denominations. There are one thousand smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger denomination Share and have proportionate rights.
- 6.4 Shares have no par value and, are entitled to participate equally in the profits arising in respect of, and in the proceeds of the liquidation of the Company or the termination of the Fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.
- 6.5 The net proceeds from subscriptions are invested in the pool of assets constituting the Scheme Property of the Fund in respect of which the Shares are issued.
- 6.6 Shares are not listed on any investment exchange.
- 6.7 Shareholders are entitled to attend and vote at meetings of the Company, as described under "Meetings and Voting Rights" at paragraph 13.

### **Share Classes**

- 6.8 The Company may from time to time issue Shares of different Classes in respect of the Fund. Currently, two Classes of Share may be issued in respect of the Fund in the Company, being income Shares and accumulation Shares.
- 6.9 The Company may, however, create and make available such further Classes as the ACD may decide (whether or not falling within one of the Classes in existence on incorporation but subject to the Instrument of Incorporation being amended, where required).
- 6.10 The special rights attaching to a Class are not (unless otherwise expressly provided by the conditions of issue of such Shares) deemed to be varied by:
- (a) the creation, allotment or issue of further Shares of any Class ranking *pari passu* with them;
  - (b) the switch of Shares of any Class for Shares of another Class;

- (c) the creation, allotment, issue or redemption of Shares of another Class (including a new Class), provided that the interests of that other Class represent fairly the financial contributions and benefits of holders of Shares of that Class;
  - (d) the creation, allotment, issue or redemption of Shares in another Fund;
  - (e) the exercise by the ACD of its powers to re-allocate assets, liabilities, expenses, costs or charges not attributable to one Fund only or to terminate a Fund; or
  - (f) the passing of any resolution at a meeting of Shareholders in another Fund.
- 6.11 On each interim and annual income allocation date, holders of income Shares are entitled to be paid the income attributed to such Shares. In relation to accumulation Shares, the income is rolled up in to new Shares as opposed to being paid out as cash income.
- 6.12 Where the Company or the Fund has different Classes of Share available, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. For this reason, the proportionate interests of the Classes within the Company or the Fund will vary from time to time and the price of each Class of Shares will therefore be calculated separately in accordance with the valuation procedures of the Company (see under "Valuation and Pricing" at paragraph 7 below).

## **7 Valuation and Pricing**

### **General**

- 7.1 The price of a Share in the Fund is calculated by reference to the Net Asset Value of the Fund. The Net Asset Value of the Fund and Net Asset Value per Share are currently calculated as at the Valuation Point. If it is not possible to obtain a valuation for the whole or part of the Scheme Property, or in exceptional circumstances where the ACD and Depositary decide there is good and sufficient reason, the Valuation Point may be moved to such time as the ACD in consultation with the Depositary considers appropriate.
- 7.2 The ACD may at any time carry out an additional valuation if it considers it desirable to do so, which may (but need not) result in an additional Valuation Point (and a resultant calculation of dealing prices). The ACD will inform the Depositary of any decision to carry out any such additional valuation. There will only be a single price for any share as determined from time to time by reference to the Valuation Point.
- 7.3 The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares of each Class in the Fund and the amount of any dilution adjustment applicable in respect of any purchase or redemption of Shares in the Fund.

- 7.4 In the absence of bad faith, negligence or manifest error, every decision taken by the ACD or its delegate in calculating the Net Asset Value shall be final and binding on the Company, and its present, past and future Shareholders.

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

- 7.5 The Net Asset Value of the Fund will be calculated in accordance with the following provisions:

- (a) All the Scheme Property of the Fund, including receivables, will be included in the calculation subject as set out below.
- (b) Property which is not cash (or other assets dealt with in paragraph (c) below) or a contingent liability transaction will be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (i) units or shares in a collective investment scheme:
    - (A) if a single price for buying and redeeming units or shares is quoted, that price; or
    - (B) if separate buying and redemption prices are quoted, the average of the prices provided that the buying price has been reduced by any preliminary charge included in it and the redemption price has been increased by any exit or redemption charge attributable to it; or
    - (C) if the ACD, in its absolute discretion, determines the price obtained is unreliable or no recent traded price is available or if no recent price exists, a value which, the ACD, in its absolute discretion, determines is fair and reasonable provided that the ACD will be entitled to rely upon the advice of a professional adviser which the ACD reasonably believes to be qualified to give such advice;
  - (ii) any other transferable security:
    - (A) if a single price for buying and selling the security is quoted, that price; or
    - (B) if separate buying and selling prices are quoted, the average of the two prices; or
    - (C) if the ACD, in its absolute discretion, determines that the price obtained is unreliable or no recent traded price is available or if no recent price exists, a value which the ACD, in its absolute discretion, determines is conservative subject to its being fair and reasonable provided that the ACD will be entitled to rely upon the

advice of a professional adviser which the ACD reasonably believes to be qualified to give such advice; and

- (iii) any item of Scheme Property other than that described in paragraphs 7.5(b)(i) and 7.5(b)(ii) above (and paragraphs 7.5(c) and 7.5(d) below): a value which the ACD, in its absolute discretion, determines represents a fair and reasonable mid-market price.
- (c) Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- (d) Property which is a contingent liability transaction shall be treated as follows:
  - (i) a written option, the premium for the writing of which has become part of the Scheme Property, shall be valued at the amount of the net valuation of premium receivable. If the option is off exchange, the method of valuation shall be agreed between the ACD and the Depositary;
  - (ii) an off exchange future shall be valued at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary; and
  - (iii) any other form of on exchange contingent liability transaction shall be valued at the net value of margin on closing out (whether as a positive or negative value). An off exchange derivative, (not falling within paragraphs (i) and (ii) above) shall be valued on the basis of a valuation method agreed between the ACD and the Depositary.
- (e) In determining the value of the Scheme Property, all instructions given to issue or cancel Shares received prior to the Valuation Point shall be assumed to have been carried out (and any cash paid or received) whether or not this is in fact the case and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
- (f) Subject to paragraphs (g), (h) and (n) 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 the ACD, in its absolute discretion, determines their omission will not materially affect the final Net Asset Value.
- (g) 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 (f).

- (h) All agreements are to be included under paragraph (f) which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- (i) An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Company; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax will be deducted.
- (j) 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, shall be deducted.
- (k) The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings shall be deducted.
- (l) An estimated amount for accrued claims for tax of whatever nature which may be recoverable shall be added.
- (m) Any other credits or amounts due to be paid into the Scheme Property shall be added.
- (n) A sum representing any interest or any income accrued, both on cash and interest bearing securities, due or deemed to have accrued but not received shall be added.
- (o) Currencies or values in currencies other than Sterling shall be translated at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

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

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

7.7 Where the ACD has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the ACD's best estimate of the value of the relevant investment at the relevant Valuation Point or

no price or no recent price exists, the ACD may use a price which, in the opinion of the ACD, reflects a fair and reasonable price for that investment (the fair value price). In calculating any value, the ACD shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Manager.

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

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

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

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

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

### **Fair Value Pricing**

7.8 The ACD may, in its absolute discretion and in circumstances where:

- (a) it believes that no reliable price for the property in question exists; or
- (b) such price, if it does exist, does not reflect the ACD's best estimate of the value of such property,

value the Scheme Property or any part of Scheme Property at a price which, in its opinion, reflects a fair and reasonable price for that property (**fair value pricing**).

The ACD is permitted to use fair value pricing in specific circumstances and pursuant to processes and methodologies that will have been notified to the Depositary. Examples of the circumstances in which the ACD might consider using fair value pricing where the Fund's Valuation Point is set during the time when markets in which its portfolio is invested are closed for trading include:

- (a) market movements above a pre-set trigger level in other correlated open markets;
- (b) war, natural disaster, terrorism;

- (c) government actions or political instability;
- (d) currency realignment or devaluation;
- (e) changes in interest rates;
- (f) corporate activity;
- (g) credit default or distress; or
- (h) litigation.

Even if the Fund's Valuation Point is set during the time other markets are open for trading, other scenarios might include:

- (a) failure of a pricing provider;
- (b) closure or failure of a market;
- (c) volatile markets;
- (d) markets closed over national holidays;
- (e) stale or unreliable prices;
- (f) listings suspensions or de-listings.

#### **Price per Share and in each Class of the Fund**

- 7.9 The price of a larger denomination Share of any Class in the Fund shall be calculated by taking the proportion of the Scheme Property of the Fund attributable to all the Shares of that Class of the Fund, which is ascertained from the Class Proportion Account (as defined below) maintained for that Class, and dividing it by the number of Shares (expressed in terms of larger denomination Shares by aggregating every 1000 smaller denomination Shares into a larger denomination Share and, if appropriate, including any outstanding fractions of a larger denomination Share represented by any residual number of smaller denomination Shares) of the relevant Class in issue immediately before the relevant valuation. The price will be expressed in pounds sterling and will be accurate to four significant figures. A smaller denomination Share will have a price which is one-thousandth of the value of a larger denomination Share.
- 7.10 The proportion of the value of the Scheme Property of the Fund attributable to all Shares of a Class of the Fund (by reference to the most recent valuation of such Scheme Property) will be ascertained from a notional account (the **Class Proportion Account**) to be maintained in the books of the Company for each Class of Shares of the Fund as follows:



- (a) There shall be determined for each Class of Shares in the Fund the proportion which the balance on the Class Proportion Account maintained for the relevant Class at the relevant time bears to the aggregate of the balances on all the Class Proportion Accounts for the Fund at the relevant time.
- (b) There will be credited to a Class Proportion Account:
  - (i) upon an initial or subsequent subscription for any Share of the relevant Class, the subscription price of that Share;
  - (ii) that Class's proportion of any SDRT provision paid in respect of the issue, sale and/or redemption of Shares in the Fund;
  - (iii) on each Dealing Day, that Class's proportion of the amount by which the Net Asset Value of the Fund exceeds the Net Asset Value of the Fund on the preceding Dealing Day (ignoring in the calculations of the Net Asset Value all costs, charges, liabilities of any kind and expenses incurred solely in respect of one or more Class of Share);
  - (iv) that Class's proportion of the income of the Fund received and receivable (except to the extent already taken into account pursuant to paragraph (ii) above);
  - (v) any notional tax benefit allocated to that Class under paragraph (e) below (except to the extent already taken into account pursuant to paragraph (ii) above); and
  - (vi) any other amount which the ACD considers to be appropriate to credit to that Class Proportion Account.
- (c) There will be debited to a Class Proportion Account:
  - (i) the redemption payment (including any exit charges payable to the ACD but excluding any SDRT provision) for the cancellation of Shares of the relevant Class;
  - (ii) on each Dealing Day, that Class's proportion of the amount by which the Net Asset Value of the Fund is less than the Net Asset Value of the Fund on the preceding Dealing Day (ignoring in the calculations of the Net Asset Value all costs, charges, liabilities of any kind and expenses incurred solely in respect of one or more Class of Share);
  - (iii) upon any amount becoming due and payable as a distribution in respect of Shares of the relevant Class, the amount to be distributed in respect of that Class;
  - (iv) all costs, charges, liabilities of any kind and expenses incurred solely in respect of that Class;

- (v) that Class's proportion of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the Fund, but not in respect of the Fund as a whole;
  - (vi) that Class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole; and
  - (vii) any notional tax liability allocated to that Class under paragraph (e) below (except to the extent already taken into account pursuant to paragraph (ii) above).
- (d) Any tax liability in respect of the Fund and any tax benefit received or receivable in respect of the Fund will be allocated by the ACD after consultation with the Company's auditors between Classes in the Fund in order to achieve, so far as possible, the same result as would have been achieved if each Class were itself the Fund so as not materially to prejudice any Class.
- (e) Where a Class is denominated in a currency which is not the base currency of the Fund, the balance on the Class Proportion Account shall be translated into the base currency of the Fund in order to ascertain the proportions of all Classes. Translations between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders of any Class.
- (f) The Class Proportion Accounts are memorandum accounts maintained for the purpose of calculating proportions. They do not represent amounts owing between the Company and Shareholders.

7.11 Each credit and debit to a Class Proportion Account that is calculated by reference to that Class's proportion will be calculated on the basis of that Class's proportion determined in accordance with paragraph 7.10(a) above immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

7.12 The ACD may adopt a method of calculating the proportion of the Net Asset Value of the Fund to be apportioned, or the income to be allocated, between Classes of Shares in the Fund which is different to that set out above, provided that the ACD is satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

### **Pricing basis**

7.13 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.

## **Publication of Prices**

- 7.14 The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and can also be obtained by telephone on 01483 783 900.
- 7.15 For reasons beyond the control of the ACD, these may not necessarily be the current prices.
- 7.16 The cancellation price last notified to the Depositary is available from the ACD upon request.

## **8 Dealing**

### **Procedure**

- 8.1 Applications to purchase Shares on a particular Dealing Day should be made to the ACD by close of business on the date which is the minimum of five Business Days prior to such Dealing Day. The issue price for the Shares will be the price calculated as at the Valuation Point on such Dealing Day. Methods of dealing other than those set out below may from time to time be available at the ACD's discretion.

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

### **Buying Shares**

- 8.2 Shares may be bought by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375 or by written instructions or by such other means as the ACD may make available from time to time. Subscriptions made by telephone must be confirmed in writing, signed by the applicant (or, in the case of joint applicants, each of them) and sent to the ACD at its registered address. Shares may not be purchased during any period when the redemption of Shares is suspended. See under "Suspensions of Dealings in Shares" at paragraph 8.59.
- 8.3 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. A contract note giving details of the Shares purchased and the price used will be issued.
- 8.4 Any subscription monies remaining after a whole number of Shares has 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.

- 8.5 If the full amount of the subscription monies has not been paid at the time of applying for Shares, settlement will be due on receipt by the buyer of the contract note. If settlement is not made within a reasonable period, the ACD has the right to cancel any Shares issued in respect of the application.
- 8.6 In the event that only part of the subscription monies has been paid by the applicant, and the value of the investment has fallen at the time the ACD decides to cancel any Shares issued pursuant to the rights set out above, the applicant will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.
- 8.7 Share certificates will not be issued in respect of registered Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. Individual statements of a Shareholder's Shares (or where Shares are jointly held, the first-named Shareholder's) will be provided to a registered Shareholder at any time at their request.

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

- 8.8 The minimum initial subscription, subsequent subscription and holding for Shares in each Class in the Fund are the amounts in value, to the nearest smaller denomination Share, set out in respect of the Fund under "Fund" at paragraph 4. The ACD may at its absolute discretion accept subscriptions and/or holdings below the minimum amount(s).
- 8.9 If, following a redemption, a holding of any Class of Share in the Fund should fall or would fall below the minimum holding for that Class, the ACD may require redemption of the relevant Shareholder's entire holding of Shares of that Class.

#### **Redeeming Shares**

- 8.10 Every Shareholder has the right to require the Company to redeem some or all of their Shares provided that, if the value of Shares which a Shareholder wishes to redeem would mean that the Shareholder would hold Shares with a value less than the required minimum holding in the relevant Class in the Fund, the Shareholder may be required to redeem their entire holding of Shares of that Class. Shares may not be redeemed during any period when the redemption of Shares in the Fund is suspended. See under "Suspensions of Dealings in Shares" at paragraph 8.59.
- 8.11 Requests to redeem Shares may be made to the ACD by telephoning the ACD on 0333 300 0375 or in writing at least 60 days in advance of the relevant Dealing Day. Redemption requests made by telephone must be confirmed in writing, signed by the Shareholder (or, in the case of joint Shareholders, each of them), sent to the ACD at its registered address. The ACD may in future introduce the facility to request the redemption of Shares on-line.

8.12 Redemption requests received and accepted by the ACD by close of business at least 60 days in advance of the relevant Dealing Day will be dealt with at the price calculated as at the Valuation Point for that Dealing Day. All requests received and accepted after that time will be dealt with on the following Dealing Day.

8.13 A contract note 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) no later than the end of the Business Day following the publication of the price.

8.14 **Electronic Communications**

(a) 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 its behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

(i) prior agreement between the ACD and the person making the communication as to:

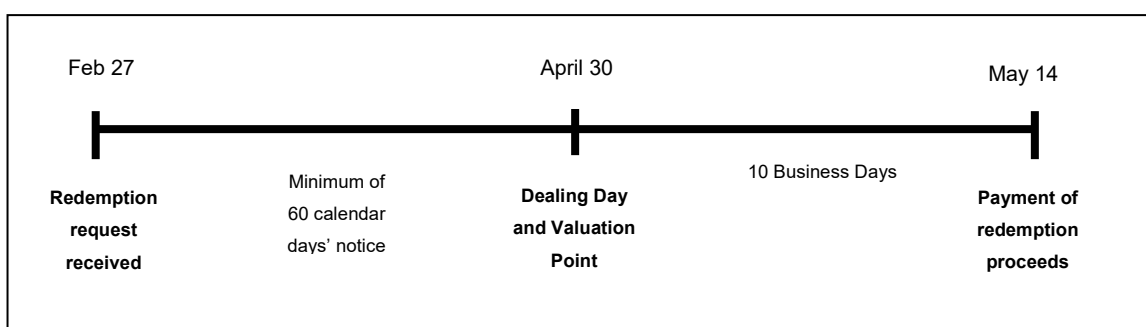
(A) the electronic media by which such communications may be delivered; and

(B) how such communications will be identified as conveying the necessary authority; and

(ii) 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.

8.15 Cheques or telegraphic transfers in satisfaction of the redemption monies will normally be issued within 10 Business Days of the relevant Dealing Day. However where money is owing on the earlier sale of the Shares to be redeemed and has not been received and cleared then redemption proceeds for those Shares will not be sent until such time as the initial money has been received and cleared.

**ILLUSTRATIVE REDEMPTION TIMELINE**



- 8.16 If the requested redemptions exceed 10% of the value of the Fund, then the ACD, following consultation with the Depositary that it is in the best interest of the holders and the Fund, may defer a request to redeem Shares and carry forward any redemption applications to the next Dealing Day, subject to a maximum delay of one Dealing Day. The ACD shall ensure that in the case of a deferral of redemptions all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred are treated consistently, and that all redemptions relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered. Any deferral is subject to the limitations on payments to Shareholder under COLL Sourcebook.

### **Minimum Redemption**

- 8.17 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 of any Class in the Fund to be redeemed is less than the amount in value, to the nearest smaller denomination Share, set out in respect of the Fund under "Fund" at paragraph 4.

### **Dealing Charges**

- 8.18 The price per Share at which Shares are bought or redeemed will be the Net Asset Value per Share. Any preliminary charge, redemption charge, dilution adjustment or SDRT is payable in addition to the price, though preliminary or redemption charges may be waived at the ACD's complete discretion.

### **8.19 Preliminary charge**

The ACD may impose a charge on the purchase of Shares in each Class of the Fund which is in addition to the published purchase price. The current preliminary charge as a percentage of the amount invested by the prospective Shareholder is 7% in respect of each Class in the Fund. The preliminary charge is payable to and may be retained by the ACD.

### **8.20 Redemption Charge**

- (a) The ACD may make a charge on the redemption of Shares in each Class of the Fund. The current redemption charge for each Class in the Fund is 3% of the redemption price of the Shares to be redeemed if held for less than 12 months. The redemption charge is payable to and may be retained by the ACD.
- (b) In relation to the imposition of a redemption charge as set out above, where Shares of the Class of the Fund in question have been purchased at different times by a redeeming Shareholder, the Shares to be redeemed shall be deemed to be the Shares purchased first in time by that Shareholder.

- (c) In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

#### 8.21 **Charges on switch**

On a switch of Shares of one Class for Shares of another Class (whether or not in the same Fund), the ACD may charge, or may charge an amount equivalent to, the prevailing preliminary charge for the Class of Shares being acquired in addition to the prevailing redemption charge for the Class of Shares being redeemed. Charges on switch are payable to and may be retained by the ACD.

#### **Dilution Adjustment and Large Deals**

- 8.22 The basis on which the Company's or the Fund's investments are valued for the purpose of calculating the price at which Shares may be purchased or redeemed as stipulated in the COLL Sourcebook and the Instrument of Incorporation is summarised under "Valuation and Pricing" at paragraph 7. The actual cost of buying or redeeming investments may be higher or lower than the mid-market value used in calculating the Share price, for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have a material adverse effect on the existing/continuing Shareholders' interest in the Fund. In order to mitigate this effect, called "dilution", and in order to balance the interests of existing/continuing Shareholders, the ACD has the power to charge a "dilution adjustment" on the purchase and/or redemption of Shares. If charged, the dilution adjustment will be paid to or retained by the Company for the benefit of Shareholders in the Fund and will become part of the property of the Fund. The ACD does not benefit from the amount of any dilution adjustment.
- 8.23 The need to charge a dilution adjustment will depend on the volume of net purchases or redemptions, as described below. The ACD may charge a discretionary dilution adjustment on any purchase or redemption of Shares if, the ACD, in its absolute discretion, determines the existing Shareholders (for purchases) or continuing Shareholders (for redemptions) might otherwise be materially adversely affected. In particular, the dilution adjustment may be charged in the following circumstances:
  - (a) on the Company or the Fund experiencing large levels of net purchases (i.e. purchases less redemptions) having an aggregate value equivalent to 5% or more of the Net Asset Value of the Fund;
  - (b) on the Company or the Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) having an aggregate value equivalent to 5% or more of the Net Asset Value of the Fund;

- (c) on "large deals". For these purposes, a large deal is defined as a purchase or a redemption of Shares having an aggregate value equivalent to 5% or more of the Net Asset Value of the Fund;
- (d) where a Shareholder redeems or switches a holding of Shares within 30 days of its purchase;
- (e) where the value of the Scheme Property of the Fund is in continual decline;
- (f) in any other case where the ACD, in its absolute discretion, determines that the interests of existing/continuing Shareholders and potential Shareholders of the Fund require the imposition of a dilution adjustment.

8.24 It should be noted that it is not possible to predict accurately whether dilution is likely to occur at any particular time.

8.25 As dilution is directly related to the inflows and outflows of monies from the Fund it is not generally possible to predict accurately whether dilution will occur at any future point in time. Consequently it is also not generally possible to predict accurately how frequently the ACD will need to make such a dilution adjustment.

8.26 It is, however, envisaged that, the ACD would not expect to apply a dilution adjustment to the Fund on a frequent basis in the future.

8.27 Should the ACD at its discretion make a dilution adjustment it is estimated that a typical dilution adjustment may be up to 2.00%. This estimated range is based on historical data of movements within the Fund and this can vary with underlying market conditions.

8.28 The number of days on which a dilution adjustment has been applied between 1 July 2023 and 30 June 2024 is nil.

### **Money Laundering**

8.29 As a result of legislation in force in the United Kingdom to prevent money laundering, the ACD and the Company must comply with anti-money laundering regulations. In order to implement these procedures, 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 redemption of Shares or pay income on Shares to the Shareholder or potential Shareholder (as the case may be).

Please refer to the paragraph headed 'Electronic Verification' on page 6 of this Prospectus for details of certain resources we may access in verifying information on you.



### Procedure for Switch

- 8.30 When the Company has more than one Fund, the Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares of one Class or Fund (the **Original Shares**) for Shares of another Class in the same Fund or for Shares of any Class in a different Fund (the **New Shares**) subject to the minimum holdings prescribed.
- 8.31 Notices to switch (a **Switch Notice**) should be made by a Shareholder to the ACD in writing or by telephoning the ACD on 0333 300 0375 or in such form as the ACD may from time to time determine. Switching requests made by telephone must be confirmed in writing sent to the ACD at its registered address. Switching forms may be obtained from the ACD and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders, must be signed by all the joint holders) and receipt by the ACD of a duly completed and signed switching form may be required by the ACD before the switch will be effected. The ACD may in future introduce the facility to request a switch on-line.
- 8.32 The general provisions on procedures relating to redemption will apply equally to a switch. The notice period applicable to the redemption of the Original Shares in a particular Fund will apply to any Switch Notice. Switch Notices made after the applicable date will be held over until the next relevant Dealing Day for such Fund. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended by the Company pursuant to the Regulations.
- 8.33 If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares.
- 8.34 Upon receipt by the Company of a Switch Notice, the ACD shall arrange for the Company to cancel (or, at its discretion, the ACD shall itself redeem) the Original Shares and issue (or, at its discretion, the ACD shall sell to the Shareholder) such number of New Shares as is arrived at by applying the following formula:

$$N = \frac{O \times (CP \times ER)}{SP}$$

Where N is the number of New Shares to be issued or sold (rounded down to the nearest whole number of smaller denomination Shares); O is the number of Original Shares specified (or deemed to be specified) in the Switch Notice which the holder has requested to switch; CP is the price at which a single Original Share may be cancelled or redeemed as at the Valuation Point applicable to the cancellation or redemption as the case may be; ER is 1 where the Original Shares and the New Shares are designated in the same currency and, in any other case, is the exchange rate determined by the Directors in their absolute discretion (subject

to the COLL Sourcebook) as representing the effective rate of exchange between the two relevant currencies as at the date the Switch Notice is received (or deemed to have been received) by the Company having adjusted such rate as may be necessary to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such a switch being effected; and SP is the price at which a single New Share may be issued or sold as at the Valuation Point applicable to the cancellation or redemption as the case may be.

- 8.35 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any charge on switch, together with any charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the Regulations.
- 8.36 **A switch of Shares in one Fund for Shares in another Fund will be treated as a redemption of Shares in the first Fund and a simultaneous purchase of Shares in the other Fund and will, for converting Shareholders subject to United Kingdom taxation, be a realisation for the purpose of capital gains taxation.**
- 8.37 **In no circumstances will a Shareholder who duly notifies their intention to switch Shares in one Fund for Shares in another Fund (or Shares of one Class for Shares of another Class) be given a right by law to withdraw or cancel the transaction.**
- 8.38 For details of charges on exchanging shares, please see under "Dealing Charges" at paragraph 8.21.

#### **Market timing**

- 8.39 The ACD may refuse to accept a subscription or a switch from another Fund if it has reasonable grounds, relating to the circumstances of the Shareholder concerned, for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the Shareholder has been or intends to engage in market timing activities.

#### **Transfers**

- 8.40 Shareholders are entitled to transfer their Shares to another person or body. In the case of a transfer to joint holders, the number of joint holders to whom a Share may be transferred may not exceed four.
- 8.41 Other than in circumstances set out in paragraph 8.13 (electronic communications), all transfers must be in writing in the form of an instrument of transfer signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and containing the name and address of the transferor and the transferee. The instrument of transfer must be 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. A single instrument of transfer may

not be given in respect of more than one Class. The ACD may refuse to register a transfer unless SDRT has been paid in respect of it.

- 8.42 Other than in circumstances set out in paragraph 8.13 (electronic communications), holders of Shares wishing to transfer shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other details that may be required by the ACD. The completed instrument of transfer, duly stamped if applicable, together with such other evidence as the ACD may reasonably require to show the right of the transferor to make the transfer, must be sent to the ACD. The transfer will take effect upon the registration of the transferee in the Register.
- 8.43 In the case of the death of any one of joint holders of Shares, the survivor(s) will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.
- 8.44 No transfer may be made or will be registered of Shares of any Class in the Fund of a value less than £1,000, to the nearest smaller denomination Share, or which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares having a value less than £100,000, to the nearest smaller denomination Share at the time of such intended transfer.

#### **Restrictions on Holding Shares**

- 8.45 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, suffering any other pecuniary disadvantage or other adverse consequence which the Company (or its Shareholders as a whole) might not otherwise incur or suffer, or would result in the Company being required to register under any applicable US or other securities laws. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switch of Shares.
- 8.46 The distribution of this Prospectus and the offering of Shares in or to persons resident in or nationals or citizens of jurisdictions outside the UK or who are nominees of, or custodians or trustees for, citizens or nationals of other countries may be affected by the laws of the relevant jurisdictions. Such Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Shareholder to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction.

Any such Shareholder will be responsible for any such issue, transfer or other taxes or payments by whomsoever payable and the Company (and any person acting on behalf of it) shall be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes or duties as the Company (and any persons acting on behalf of it) may be required to pay.

### **Compulsory Switch, Transfer or Redemption**

- 8.47 When the holder of any Shares in any Class fails or ceases for whatever reason to be entitled to receive distributions or have allocations made in respect of their holding of such Shares in a manner, in terms of the Company making or not making any deduction of United Kingdom tax prior to the distribution or allocation to the holder, as is envisaged for such share Class, they shall, without delay, give notice thereof to the Company and the Company shall, upon receipt of such notice, treat the Shareholder concerned as if they had served on the Company a Switch Notice requesting switch of all of the relevant Shares owned by such holder for Shares of the Class or Classes of Shares in the Company which, in the opinion of the ACD, such holder is entitled to hold and most nearly equate to the Class or Classes of Shares being switched by that Shareholder and the provisions of clauses 42 to 52 inclusive of the Instrument of Incorporation shall be applied accordingly.
- 8.48 If at any time the Company or the ACD become aware that the holder of any Shares, that make or intend to make distributions or allocations without any tax being deducted or accounted for by the Company, has failed or ceased for whatever reason to be entitled to receive distributions or have allocations made in respect of their holding of such Shares without deduction of United Kingdom tax, then the Company shall, without delay, treat the Shareholder concerned as if they had served on the Company a Switch Notice requesting to switch of all of the relevant Shares owned by such holder for Shares of the Class or Classes which, in the opinion of the ACD, such holder is entitled to hold and most nearly equate to the Class or Classes of Shares held by that Shareholder and the provisions of clauses 42 to 52 inclusive of the Instrument of Incorporation shall be applied accordingly.
- 8.49 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 pecuniary disadvantage or other adverse consequence which the Company (or its Shareholders as a whole) might not otherwise incur or suffer (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 holder(s) of the Affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the COLL Sourcebook.

If any Shareholder upon whom such a notice is served pursuant to this paragraph does not within thirty days after the date of such notice transfer their Shares to a person qualified to hold the same, or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that they and any person on whose behalf they hold the Affected Shares are qualified and entitled to hold the Shares, they shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the Affected Shares pursuant to the FCA Rules.

- 8.50 A Shareholder who becomes aware that they are holding or own Affected Shares shall forthwith, unless they have already received a notice as set out above, either transfer or procure the transfer of all their Affected Shares to a person qualified to own them or submit a request in writing or procure that a request is so given to the ACD for the redemption or cancellation of all their Affected Shares.
- 8.51 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.

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

- 8.52 The ACD may arrange for the Company to issue Shares in the Fund 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 or potential Shareholders.
- 8.53 The ACD will ensure that the beneficial interest in the assets is transferred to the Company for the account of the Fund with effect from the issue of the Shares.
- 8.54 The ACD will not issue Shares in the Fund in exchange for assets the holding of which would be inconsistent with the investment objective of the Fund.

#### **In Specie Redemptions**

- 8.55 If a Shareholder requests the redemption of Shares, the ACD may, where it considers the deal to be substantial in relation to the total size of the Company or the Fund or in some way advantageous or detrimental to the Company or the Fund, arrange, having given prior notice in writing to the Shareholder, that in place of

payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder. A redemption of Shares with an aggregate value equivalent to 5% or more of the Net Asset Value will normally be settled in this way, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares have an aggregate value equivalent to less than 5% of the Net Asset Value.

- 8.56 Before the redemption proceeds of the Shares become payable, the ACD must give written notice to the Shareholder that the relevant property or the net proceeds of sale of the relevant property will be transferred to that Shareholder so that the Shareholder can elect to receive the net proceeds of redemption of their Shares rather than the relevant property if they so desire.
- 8.57 The ACD will select the property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the cancellation/redemption than to the continuing Shareholders and, where Shares of different Classes in the Fund are being redeemed, with a view to achieving no more advantage or disadvantage to the holders of one Class than to the holders of any other Class in the Fund.
- 8.58 The assets to be transferred to each holder of Shares of a particular Class in the Fund are selected pro-rata according to the number of Shares of that Class which each holder has requested to be redeemed unless the ACD considers that this would be impractical or that the assets to be transferred to each redeeming Shareholder should be divided amongst the redeeming Shareholders in some other way so as to achieve the greatest value to the redeeming Shareholders whilst not, so far as practicable, providing an advantage or a disadvantage to one or more particular redeeming Shareholder.
- 8.59 The assets to be transferred are subject to the deduction by the ACD of property of a value or amount equivalent to any deductions permitted by the Instrument of Incorporation.

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

- 8.60 The ACD may, with the prior agreement of the Depositary, and must if the Depositary so requires, suspend, without notice to Shareholders, the issue, cancellation, purchase and redemption of Shares in the Fund, if the ACD (or the Depositary in the case of any requirement by it), in its absolute discretion, determines that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders (for example, but without limitation, the closure or suspension of dealing on a relevant stock exchange or the inability of the ACD to ascertain properly the value of any or all of the Scheme Property or realise any or all of the Scheme Property for any reason). The ACD and Depositary will review the

suspension periodically and keep Shareholders informed in accordance with the Regulations.

- 8.61 In addition, the FCA Rules may require the ACD to temporarily suspend the issue, cancellation, sale and redemption of Shares in certain circumstances (for example, where the Fund is invested in other authorised funds which are themselves suspended).
- 8.62 Recalculation of the Net Asset Value per Share in the Fund for the purposes of purchases and redemptions will commence on the next relevant Valuation Point following the ending of the suspension.

### **Governing Law**

- 8.63 All issues, redemptions, cancellations and switches of Shares are governed by English law.

### **Client Money Rules**

- 8.64 The FCA Handbook contains provisions (known as the "Client Money Rules") designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the purpose of settling a transaction in relation to units in a regulated collective investment scheme such as the Company, provided that:
- (a) The ACD receives the money from a client in relation to the ACD's obligation to issue shares in the fund in accordance with COLL; or
  - (b) The money is held in the course of redeeming shares, where the proceeds are paid to the client within the timeframe specified in COLL.
- 8.65 Where money is received in either of the circumstances set out in (a) or (b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.
- 8.66 In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of shares in respect of money received other than in the form of cheques. Money received in other payment forms for the issue of shares is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the ACD on monies credited to this account.

- 8.67 Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.
- 8.68 In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity. This is subject to the rules in COLL, which require the ACD to transfer any distribution payment which remains unclaimed after a period of six years from the date of payment to the Fund's capital property.

## **9 Income and Distributions**

### **Accounting Periods**

- 9.1 The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The interim accounting periods end each year on 31 March, 30 June and 30 September.

### **Income Distributions**

- 9.2 Allocations of the income available for allocation are made in each accounting period as described in paragraph 9.5 (Allocations of Income) below.
- 9.3 Distributions of income are paid on or before the annual income allocation date of the last day of February and on or before the interim allocation dates of 31 May, 31 August and 30 November. These may be made by cheque or or telegraphic transfer or such other means of payment as may be permitted by the ACD in each year.
- 9.4 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Class. If the Class is no longer in existence, the income will revert to the Fund, if the Fund is itself in existence, or if not, to the Company.

### **Allocations of Income**

- 9.5 The income available for allocation and distribution in respect of the Fund is calculated by taking the aggregate of income received or receivable for the account of the Fund in respect of the period, deducting charges and expenses paid or payable by the Fund out of the income in respect of the period, adding the ACD's best estimate of any relief from tax on such charges and expenses, and making other adjustments which the ACD considers appropriate in relation to both income and expenses (including taxation), after consulting the auditors when required to do so, in relation to:



- (a) taxation;
- (b) the proportion of the prices received or paid for units that is related to income (taking account of any provisions in the Instrument of Incorporation relating to income equalisation);
- (c) potential income which is unlikely to be received until 12 months after the income allocation date;
- (d) income which should not be accounted for on an accrual basis because of lack of information about how it accrues;
- (e) any transfer between income and capital account under COLL 6.7.10R (Allocation payments to capital or income); and
- (f) making any other adjustments or any reimbursement of set-up costs that the ACD considers appropriate after consulting the auditors.

- 9.6 The gross income shown in the Company's statement of total return will be calculated in accordance with the most appropriate accounting policies for each component of the Scheme Property.
- 9.7 An allocation of income (whether annual or interim) to be made in respect of each Share issued by the Company or sold by the ACD during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other Shares of the same Class in the Fund.
- 9.8 The Instrument of Incorporation permits grouping of Shares in the same Class for equalisation. The ACD does not currently operate income equalisation in respect of the Fund.
- 9.9 Each allocation of income made at a time when more than one Class is in issue in the Fund shall be done by reference to the relevant Shareholders' proportionate interests in the property of the Fund. These will be ascertained by reference to the Class Proportion Account for each such Class.
- 9.10 The ACD will give the Depositary timely instructions sufficient to enable the Depositary to distribute the income allocated to income Shares of each Class in the Fund among their holders and the ACD in proportion to the numbers of such Shares held, or treated as held, by them respectively at the end of the relevant annual accounting period. The Depositary will pay the distribution in accordance with the instructions.
- 9.11 In calculating the amount to be distributed under paragraph 9.10 above, the ACD will:
- (a) deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period; and

- (b) deduct and carry forward in the income account such amount as is necessary to adjust that allocation of income to the nearest one-hundredth of a penny per income share or income unit, or such lesser fraction as the ACD may determine.

- 9.12 The amount of income allocated to the holders of a Class of accumulation shares will become part of the capital property (as defined in the COLL Sourcebook) attributable to those Shares as at the end of that annual accounting period. Holders of accumulation shares are not entitled to be paid the income attributable to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Fund at the end of the relevant distribution period and is reflected in the price of an accumulation share.
- 9.13 Where other Classes are in issue in respect of the Fund during that accounting period, the interests of the holders of accumulation shares in the amount of income allocated to a particular Class must be satisfied by an adjustment, as at the end of the period, in the proportion of the value of the Scheme Property to which the price of an accumulation share in the relevant Class is related. The adjustment must be such as will ensure that the price per Share of an accumulation share of the relevant class remains unchanged despite the transfer of income to the capital property of the Company.

#### **Annual Allocations of Income**

- 9.14 As at the end of each annual accounting period, the ACD will arrange for the Depositary to transfer the income property (as defined in the FCA Handbook) of the Fund to the distribution account for the Fund.
- 9.15 The ACD need not comply with paragraph 9.13 above if it appears to it that the average of the allocations of income to the Shareholders of the Fund (disregarding Shareholders who are the ACD or the Depositary or associates of either of them) would be less than £10.
- 9.16 Any income which, under paragraph 9.13, is not transferred to the distribution account must either:
- (a) be carried forward to the next accounting period and be regarded as received at the start of that period; or
  - (b) be credited to capital, as determined by, the ACD.
- 9.17 On or before each annual income allocation date, the ACD will calculate the amount available for income allocation for the immediately preceding accounting period and will inform the Depositary of that amount.
- 9.18 On or before the annual income allocation date, the ACD will allocate the available income to the Shares of each Class in issue in respect of the Fund taking account of the provisions of paragraph 9.18 (Interim Allocations of Income) below and the

provisions of the Instrument of Incorporation relating to the proportion of available income attributable to each Class in the Fund.

### **Interim Allocations of Income**

- 9.19 Sections "Allocations of Income" and "Annual Allocations of Income" apply so as to secure the making of an interim allocation of income as if:
- (a) the interim accounting period in question and all previous interim accounting periods in the same annual accounting period, taken together, were the annual accounting period;
  - (b) the interim income allocation date were the annual income allocation date; and
  - (c) the ACD were to treat as the available amount of income for the interim allocation a sum which may be less than, but does not exceed, the amount which, in the opinion of the ACD, would be available for allocation of income if the interim accounting period and all previous interim accounting periods in the same annual accounting period, taken together, were an annual accounting period.

### **Tax Certificates**

- 9.20 The ACD will ensure that tax certificates for the income available for allocation are sent or given in accordance with the requirements for the time being of HR Revenue & Customs, but in any event not less than once for every annual accounting period.

## **10 Taxation**

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

### **Taxation of the Funds**

The Company is an umbrella ICVC and each Fund is treated as a separate Authorised Investment Fund for tax purposes. Income of each Fund is deemed to be distributed for tax purposes even when it is accumulated. References to distributions include deemed distribution of accumulated income.

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

**Fund** and a fund that makes dividend distributions is referred to as an **Equity Fund**.

#### **A) Income**

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

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

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

#### **B) Capital gains**

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

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

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

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

### 10.1 **Taxation of the Shareholders**

#### **A) Income**

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

The distribution accounts of the Company for any of its distribution periods may

show income available for distribution as either (Y) an interest distribution or (Z) a dividend distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the relevant Fund.

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

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

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

UK resident individuals

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

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

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

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).

### ***C) UK corporate Shareholders***

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

A Fund will fail to satisfy the 'qualifying investments' test at any time when more than 60% of its assets by market value comprise government and corporate debt

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

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

#### ***D) Dividend distributions***

Dividend distributions paid by a Fund are treated as if they are dividends.

##### UK resident individuals

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

##### UK corporate Shareholders

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

#### ***E) Chargeable gains***

##### UK resident individuals

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

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

##### UK corporate Shareholders

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

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

#### **10.2 Income equalisation – tax implications**

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

#### **10.3 UK information reporting regime**

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

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

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

#### **10.5 International Tax Compliance**

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

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

To be compliant with the International Tax Compliance Regulations the Company must collect information about each Shareholder's tax residence and, in certain

circumstances, provide information about Shareholders' shareholdings to HMRC. HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

**Shareholders should note that:**

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

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

## **11 Management and Administration**

### **Regulatory Status**

- 11.1 The ACD, the Investment Manager, the Administrator and the Registrar are authorised and regulated by the Financial Conduct Authority.

The Depositary is established in the UK and is authorised and regulated by the Financial Conduct Authority to act as a Depositary of a UK UCITS and/or a UK AIF.

### **Number of Directors**

- 11.2 Under the Instrument of Incorporation, unless otherwise determined by an extraordinary resolution of Shareholders, the number of Directors shall not at any time exceed one.

### **Authorised Corporate Director**

- 11.3 General

- (a) The ACD is Thesis Unit Trust Management Limited, a private company limited by shares, incorporated in England and Wales under the Companies Act 1985 on 6 February 1998 with company number 3508646. The ACD is the UK AIFM for the purposes of the UK AIFM regime.

The directors of the ACD are:



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

All directors are also directors of ConBrio Fund Partners Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD. D W Tyerman, S R Mugford and S E Noone perform senior management functions within those entities.

D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies. In particular, Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

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

**Registered office and head office:**

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

**Share capital:**

Issued and paid up: £5,673,167

- (b) The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook, FUND and the ACD Agreement.
- (c) The ACD, which is responsible for the overall corporate management, investment decisions and administration of the Company, has appointed the Investment Manager to exercise the ACD's duties, obligations and functions in making decisions as to the investment of assets for the time being constituting the Scheme Property in accordance with the Fund's investment objective and policy.
- (d) The ACD acts as an authorised fund manager to other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Schedule 3.

- (e) The ACD has delegated certain administrative and registration services to the Administrator and the investment management to the Investment Manager. Details are set out paragraphs 11.10 and 11.12 respectively.

#### 11.4 **Terms of Appointment:**

- (a) The appointment of the ACD has been made under an agreement between the Company and the ACD (the **ACD Agreement**).
- (b) The ACD Agreement provides that the appointment of the ACD may be terminated by either party giving not less than 3 months' prior notice to the other or forthwith in certain circumstances by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the change of ACD.
- (c) The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or concluding any outstanding obligations. No compensation for loss of office is provided for in the agreement.
- (d) The ACD Agreement provides indemnities to the ACD other than for certain matters including those arising by reason of its or its delegates or its or their employees fraud, negligence or wilful default in the performance of its duties and obligations.
- (e) The ACD will cover at all times the risks outlined below of loss or damage caused by any relevant person through the negligent performance of activities for which the ACD has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules. In addition, the ACD holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules.
- (f) The risks which are specifically covered by this approach include, without being limited to, risks of:
  - (i) loss of documents evidencing title of assets of the Company;
  - (ii) misrepresentations or misleading statements made to the Company or its investors;
  - (iii) acts, errors or omissions resulting in a breach of:
    - (A) legal and regulatory obligations;
    - (B) duty of skill and care towards the Company and its investors;

- (C) fiduciary duties;
  - (D) obligations of confidentiality;
  - (E) the terms of the Instrument of Incorporation;
  - (F) terms of appointment of the ACD by the Company;
  - (iv) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
  - (v) improperly carried out valuation of assets or calculation of Share prices;
  - (vi) losses arising from business disruption, system failures, failure of transaction processing or process management.
- (g) Conflicts may arise between the interests of the ACD and its permitted delegates in certain circumstances, for example, where there is likelihood that:
- (i) the delegate and an investor in a Company are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);
  - (ii) the delegate makes a financial gain, or avoids a financial loss, at the expense of the Company or the investors in the Company;
  - (iii) the delegate has an interest in the outcome of a service or an activity provided to the ACD or the Company;
  - (iv) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Company or the investors in the Company;
  - (v) the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Company in the form of monies, goods or services other than the standard commission or fee for that service.
- (h) The ACD has a policy and procedures in place to monitor the conflicts of interest that may arise in the context of its delegation of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will manage such conflicts to minimise any impact on the investment performance, and will also seek to prevent them from reoccurring. Certain activities may be required to be modified or terminated to minimise conflicts of interest which may be identified from time to time.

(i) Under the ACD Agreement the ACD is entitled to delegate all of its functions to third parties, including without limitation, its investment advisory, administration and registrar functions.

(j) The fees to which the ACD is entitled are set out at paragraph 12.6.

11.5 Under the Instrument of Incorporation, the Company may by ordinary resolution remove the ACD before the expiry of its period of office, notwithstanding any provisions in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FCA has approved the ACD's removal and a new ACD approved by the FCA has been appointed.

### **The Depositary**

#### 11.6 **General**

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

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

(c) The Depositary's registered and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company is set out in Appendix 6.

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

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

#### **Duties of the Depositary**

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

#### 11.7 **Terms of Appointment**

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

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

- (c) Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the Custodian). Contact details for the Custodian are set out in the Directory (Schedule 7). The Custodian has, in turn, sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians").
- (d) Under the Depositary Agreement the Depositary will be liable to the Company for any loss of financial instruments held in custody or for any liabilities incurred by the Company as a direct result of the Depositary's fraud, negligence or negligent or intentional failure to properly fulfil its duties under the Depositary Agreement or the UK AIFM regime.
- (e) However, where the event which led to the loss of a financial instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a financial instrument where the Depositary can prove that the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The ACD will inform investors without delay of any changes with respect to the Depositary's liability.
- (f) The Depositary Agreement provides that the Depositary will be indemnified by the Company in respect of any liabilities suffered or incurred by the Depositary in the proper performance of its obligations and duties under the Depositary Agreement except in the case of fraud or negligent breach of the Depositary Agreement or of any applicable laws.
- (g) The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.
- (h) Other than to exercise the rights of lien or set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement and unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian of the Depositary shall be authorised by the Depositary to, transfer or re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.
- (i) Details of the fees payable to the Depositary are set out in paragraph 12.14.

## 11.8 **Conflicts of interest**

- (a) The Depositary may act as the depositary of other authorised unit trusts or open-ended investment companies and as trustee or custodian of other collective investment schemes.
- (b) It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular sub-fund, one or more Shareholder, the ACD and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.
- (c) As the Depositary operates independently from the Company, Shareholders, the ACD and the Custodian, the Depositary does not anticipate any conflicts of interest arising between it and any of the aforementioned parties and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of the Scheme Property. Should any such conflict arise, the Depositary shall notify the ACD and take necessary steps to address the conflict.
- (d) 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.

### **The Investment Manager**

## 11.9 **General**

- (a) The ACD has appointed the Investment Manager, Windmill Hill Asset Management Limited, as the investment manager of the Company.

The address, for the registered office of the Investment Manager, is set out in the Directory (Schedule 7) at the back of this Prospectus.

- (b) The principal activity of the Investment Manager is the provision of corporate finance advisory services.
- (c) The Investment Manager is required to comply with its own execution policy. A copy of the Investment Manager's execution policy is available from the ACD on request, or may be available from the Investment Manager's website (listed in the Directory, Schedule 7).

## 11.10 Terms of Appointment

- (a) The Investment Manager was appointed by an agreement between the Investment Manager and the ACD (the **Investment Management Agreement**) to manage the assets of the Company in accordance with the Fund's investment objective and policy.
- (b) Under the Investment Management Agreement the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a result of its or its delegates, or its or their employees, directors, officers or agents fraud, negligence, or willful default). The ACD may be able to recover from the Company amounts that it pays under the indemnities in the Investment Management Agreement.
- (c) The Investment Management Agreement may be terminated with three months' written notice being given to the other by the Investment Manager or the ACD. The Investment Management Agreement may be terminated immediately by the ACD if it is in the interests of investors. The Investment Management Agreement contains provisions to the following effect:
  - (i) the ACD will indemnify the Investment Manager against certain losses incurred by the Investment Manager but, in the absence of fraud, the ACD's liability will be limited to the assets of the Company available to meet such a claim;
  - (ii) the Investment Manager will be liable for certain losses suffered by the ACD or the Company;
  - (iii) the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
  - (iv) the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.
- (d) The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:
  - (i) By investing in the Company through Electronic Communications, by telephone or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the ACD, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Shares.
  - (ii) The provisions of the scheme documents made between the ACD and the Depositary by way of which the Company is constituted, as the same may be amended from time to time are binding on each of the Shareholders (who are taken to have notice of them) as if that

Shareholder was a party to it with effect on and from the date that any person has become a Shareholder.

- (iii) The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales. The Company, the ACD and the Shareholders of the Company will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with a Shareholder's investment in the Company or any related matter.
  - (iv) The scheme documents may be amended by agreement between the ACD and the Depositary.
  - (v) Absent a direct contractual relationship between a Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself or the ACD acting on behalf of the Company, as the case may be.
  - (vi) The Investment Manager may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the funds and fund managers; they may also utilise the same or similar strategies as those adopted by the fund managers. The Investment Manager may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Manager may make investments in other funds managed or advised by it.
- (e) The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy.

### **The Administrator, Registrar and Fund Accountant**

- 11.11 The ACD has appointed Northern Trust Global Services SE, UK branch as the **Administrator**, the **Registrar** and the **Fund Accountant**.
- 11.12 Northern Trust Global Services SE, UK branch will provide administration services, fund accountancy services and registrar services to the ACD. The Administrator and Registrar were appointed by an agreement between them and the ACD (the



**Administration Agreement**). The Administration Agreement may be terminated on 6 months' written notice by the Administrator or the ACD. The principal activity of the Administrator is the provision of administration services.

Contact details for Northern Trust Global Services SE, UK branch are set out in the Directory (Schedule 7).

- 11.13 The duties of the Registrar, Administrator and Fund Accountant include:
- (a) maintaining the Register;
  - (b) receiving and processing requests for subscriptions for, or redemptions of, Shares in the Company;
  - (c) administering the payment of distributions to Shareholders in the Company;
  - (d) dealing with certain regulatory reporting requirements on behalf of the Company and the ACD;
  - (e) maintaining the accounting records of the Company;
  - (f) assisting in calculating the Net Asset Value of the Company, as well as to provide fund accounting services in respect of the Company.
- 11.14 In line with the regulations that govern such operational outsourcing, the ACD retains responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.
- 11.15 There are no conflicts of interest through delegation of these functions by the ACD.

### **Register**

- 11.16 The Register is maintained by the Registrar and may be inspected at 50 Bank Street, Canary Wharf, London E14 5NT. Any Shareholder or a Shareholder's duly authorised agent may inspect the Register at this address during normal business hours.

### **The Auditors**

- 11.17 The auditors of the Company are Grant Thornton UK LLP.
- 11.18 The duties of the auditors are to carry out an annual audit of the Company and to issue a report including the following statements:
- (a) whether, in the auditor's opinion, the accounts have been properly prepared in accordance with the relevant Statement of Recommended Practice, the rules in the COLL Sourcebook, and the instrument constituting the scheme;

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

### **Annual Reports**

11.19 The annual report of the Company will be published within four months of each annual accounting period and the half-yearly report will be published within two months of each half-yearly accounting period. Details of accounting dates are set out at paragraph 9 (Income and Distributions).

11.20 The full financial statements will be available from the ACD on request.

### **Conflicts of Interest**

11.21 The ACD and its Associates may, from time to time, act as managers, investment managers or advisers to other funds or sub-funds which have the same or similar investment objectives and follow the same or similar investment policies to those of the Company. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company. The ACD will, however, have regard in such event to its obligations under the ACD Agreement 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.

11.22 The Investment Manager and other entities within the same group may, from time to time, act as managers, investment managers or advisers to other funds or sub-funds which have the same or similar investment objectives and follow the same or similar investment policies to those of the Company. It is therefore possible that the Investment Manager may in the course of its business have potential conflicts of interest with the Company. The Investment Manager will, however, have regard in such event to its obligations under the Investment Manager Agreement 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.

- 11.23 The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.
- 11.24 The Administrator may, from time to time, act as the administrator of other open-ended investment companies with variable capital or of other collective investment schemes.
- 11.25 Associates of the ACD and/or an Investment Manager may from time to time acquire substantial holdings of Shares in the Company.
- 11.26 Each of the ACD, the Investment Managers or their Associates may be investors in issues of transferable securities in which the Company invests, including, where the transferable security represents an interest in a partnership, being a partner in that partnership.
- 11.27 The COLL Sourcebook contain provisions on conflict of interest governing any transaction concerning the Company which is carried out by or with any "affected person", an expression which covers the Company, the ACD, the Depositary, and an Associate of any of them.
- 11.28 These provisions, among other things, enable an affected person to sell or deal in the sale of property to the Company or the Depositary for the account of the Company; vest property in the Company or the Depositary against the issue of Shares; purchase property from the Company (or the Depositary acting for the account of the Company); enter into a stock lending transaction, or a derivatives transaction permitted by the COLL Sourcebook, in relation to the Company; or provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in the COLL Sourcebook. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the Shareholders or any of them for any benefits or profits thereby made or derived.
- 11.29 Investment of the Scheme Property of the Company or the Fund may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD. In addition, transactions in relation to any transferable securities held by the Company which are not approved securities may be affected with such an affected person. Neither the ACD nor any such affected person will be liable to account for any profit out of such dealings.
- 11.30 Associates of the ACD may from time to time acquire substantial holdings of Shares and may be investors in issuers of transferable securities in which the Company invests including, where the issuer is a partnership, being a partner of the Company in the partnership in which the Company invests.

- 11.31 The ACD proposes that, for the purposes of its valuations of the Scheme Property of the Fund, the price attributable to certain investments (where the quoted price obtained is unreliable or no recent traded price is available or no price exists) will be provided to the ACD by an Associate of the ACD.
- 11.32 Conflicts may arise between the interests of the ACD and its permitted delegates in certain circumstances, for example, where there is likelihood that:
- (a) the delegate and an investor in a Company are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);
  - (b) the delegate makes a financial gain, or avoids a financial loss, at the expense of the Company or the investors in the Company;
  - (c) the delegate has an interest in the outcome of a service or an activity provided to the ACD or the Company;
  - (d) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Company or the investors in the Company;
  - (e) the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Company in the form of monies, goods or services other than the standard commission or fee for that service.
- 11.33 The ACD has a policy and procedures in place to monitor the conflicts of interest that may arise in the context of its delegation of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will manage such conflicts to minimise any impact on the investment performance, and will also seek to prevent them from reoccurring. Certain activities may be required to be modified or terminated to minimise conflicts of interest which may be identified from time to time.

### **Indemnity**

- 11.34 The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors 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.

## **Documents of the Company**

- 11.35 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, PO19 1UP:
- (a) the most recent prospectus of the Company;
  - (b) the most recent annual and half yearly reports of the Company;
  - (c) the Instrument of Incorporation (as amended); and
  - (d) the material contracts referred to below.
- 11.36 Shareholders may obtain copies of the above documents on request from the ACD. Other than in relation to the Prospectus, the ACD may make a charge at its discretion for copies of documents.
- 11.37 Information relating to the quantitative limits and methodology employed by the ACD in managing risk, as well as relating to any recent developments in relation to risk and yields of the Company's portfolio, is available from the ACD to a Shareholder at their request.

## **General Information**

- 11.38 Telephone calls may be recorded for regulatory, training or monitoring purposes. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call. If you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.
- 11.39 **Future disclosures**
- The following information will be made available to shareholders as part of the Company's annual report:
- a) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
  - b) the current risk profile of the Company and the risk management systems employed by the ACD to manage those risks; and
  - c) the total amount of leverage employed by the Company, as applicable.

Shareholders will also be provided with information regarding changes to:

- a) the maximum level of leverage which a Company, or the ACD on the Company's behalf, may employ; or
- b) the rights for re-use of collateral under the Company's leveraging arrangements; or
- c) any guarantee granted under the Company's leveraging arrangements.

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

### **Risk profile management**

- 11.40 The ACD, in consultation with the Investment Manager, has adopted a risk management process in respect of the Company enabling it to monitor and measure the risk of the Company's portfolio and contribution of the underlying investments to the overall risk profile of the Company.
- 11.41 ACD operates a liquidity risk management policy with a view to ensuring that Shareholders are able to realise their Shares in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.
- 11.42 Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Company's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Company has sufficient capacity to meet obligations arising from any derivative positions. Any changes to, or new arrangements for, managing the liquidity of the Company will usually be made available by way of update to this Prospectus. Where required, such change will be preceded by notification to shareholders.
- 11.43 Stress tests on the portfolio are undertaken on a periodic basis, the frequency is dependent on a number of factors, e.g. portfolio composition and liquidity.

### **Leverage (as defined by the UK AIFM regime)**

- 11.44 The Company may invest in instruments which are subject to leverage from time to

time. Under the UK AIFM regime, the ACD must:

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

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

Derivative Type	Limits
Allowable on a 'substantial' basis	No
Unsecured cash borrowings	Not permitted
Secured cash borrowings	Up to 10% for liquidity purposes only. ONLY for short-term use.
Convertible borrowings	Permitted
Interest rate swaps	Permitted
Contracts for differences	Permitted
Futures contracts	Permitted
Total return swaps	Permitted
Forward agreements	Permitted
Options	Permitted
Repurchase arrangements	Not permitted
Reverse repurchase arrangements	Not permitted
Securities lending arrangements	Not permitted
Securities borrowing arrangements	Not permitted
Credit default swaps	Not permitted
MAXIMUM LEVEL OF LEVERAGE USING THE COMMITMENT METHOD*	200%
MAXIMUM LEVEL OF LEVERAGE USING THE GROSS METHOD*	300%

Additional detail on the UK SFTR and the use of Securities Financing Transactions and Total Return Swaps is given in Schedule 6.

\*Under the **gross method**, the exposure of a Fund is calculated as follows:

1. the value of any cash and cash equivalents which are highly liquid investments held in the base currency of that Fund that are readily convertible to an amount of cash,

subject to an insignificant risk of change in value and which provide a return no greater than the rate of a three month high quality government bond is excluded;

2. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
3. cash borrowings that remain in cash or cash equivalents and where the amounts payable are known are excluded;
4. exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed are included; and
5. positions within repurchase or reverse repurchase transactions and securities lending or borrowing or other similar arrangements are included.

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

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

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

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

### **Fair Treatment of Investors**

- 11.46 The ACD ensures fair treatment of investors by its compliance with the applicable rules in the COLL Sourcebook and FUND and with the rules contained in the FCA handbook of rules and guidance.
- 11.47 The ACD is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Shareholders. The ACD complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.
- 11.48 The ACD and the Investment Manager may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Share Classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the ACD or the Investment Manager. If such



rights are granted, this would typically be to investors who invest significant amounts in the Company. Such investors would not typically be legally or economically linked to the ACD.

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

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

(a) **Disclosure/Reporting:**

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

(iv) **Investor Liquidity terms:**

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

(v) **Fees:**

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

(vi) **Side Arrangements:**

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

**Recognition and Enforcement of Judgments**

- 11.51 The FUND sourcebook requires the ACD to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the jurisdiction in which the ACD and the Company are established). The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

**Material Contracts**

- 11.52 The following contracts have been entered into by the Company and are, or may be, material:
- (a) the ACD Agreement dated 9 August 2011 between the Company and the ACD; and
  - (b) the Depositary Agreement dated 9 August 2011 between the ACD, the Company and the Depositary.

**Complaints**

- 11.53 Any complaint regarding the operation or marketing of the Company should be addressed to the ACD, Thesis Unit Trust Management Limited, Exchange Building, St. John's Street, Chichester, PO19 1UP. If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

- 11.54 A copy of the ACD's complaints procedure is available (free of charge) on request from the above address.

### **Investors Compensation Scheme**

- 11.55 Rights to compensation for Shareholders in the Company are those outlined in the Financial Services Compensation Scheme.

## **12 Charges and Expenses**

### **General**

- 12.1 The Company or the Fund, as the case may be, may pay out of the property of the Company or the Fund any liabilities arising under a scheme of arrangement relating to the Company or the Fund.
- 12.2 The Company or the Fund, as the case may be, may also pay out of the property of the Company or the Fund charges and expenses incurred by the Company or the Fund, which will include the following expenses:
- (a) the fees and expenses payable to the ACD;
  - (b) the fees and expenses payable to the Administrator (including in its capacity as the Registrar) the Depositary and the Custodian;
  - (c) fees and expenses in respect of establishing and maintaining the Register (as defined in the COLL Sourcebook) and related functions;
  - (d) expenses incurred in acquiring, disposing of and registering investments (including brokers' commissions (excluding costs for research), any issue or transfer taxes or stamp duty or SDRT chargeable);
  - (e) expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
  - (f) fees and expenses in respect of the publication and circulation of details of the Net Asset Value and prices of Shares;
  - (g) any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;
  - (h) any fees or costs associated with any CASS related support activity incurred by the Registrar;
  - (i) the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;

- (j) the fees, expenses or disbursements of convening and holding Shareholder meetings (including meetings of Shareholders of any particular Class and meetings convened on a requisition by Shareholders not including the ACD or an associate of the ACD) for any purpose and of producing associated documentation;
- (k) certain liabilities on amalgamation or reconstruction arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in the COLL Sourcebook;
- (l) costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its directors;
- (m) fees and expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;
- (n) the costs of printing and (other than for key features documents) distributing reports, accounts, any prospectuses, the Instrument of Incorporation, key features document and any costs incurred as a result of periodic updates or other changes to any prospectus, the Instrument of Incorporation or any key features document and any other administrative expenses;
- (o) taxation and duties payable by the Company including without limitation in respect of the Scheme Property or the issue or redemption of Shares;
- (p) interest on and charges incurred in effecting, negotiating or varying the terms of, or terminating, borrowings of the Company;
- (q) all fees and expenses incurred in relation to the listing of Shares on any stock exchange, any offer of Shares (including the preparation and printing of any prospectus) and the creation, conversion and cancellation of Shares;
- (r) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
- (s) fees of the FCA under the Act and any corporate or periodic fees of any government, agency or regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;
- (t) any payments otherwise due by virtue of the COLL Sourcebook.

12.3 VAT is payable on these charges where appropriate.

12.4 It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

12.5 Expenses are charged to income and in the case of a shortfall to capital in accordance with the Regulations.

### **Charges payable to the ACD**

#### **12.6 ACD's management charge**

As payment for carrying out its duties and responsibilities the ACD is entitled to receive a management charge from the Company in relation to the Fund. The management charge is calculated by reference to an annual rate on the first Business Day of the month based upon the value of the Scheme Property of the Fund on the immediately preceding Valuation Point (other than at the commencement of the Fund when the fee shall be based upon the initial value of the Scheme Property). The fee is payable monthly in arrears and accrues daily. The current annual rate (expressed as a percentage of the value of the Scheme Property) for the Fund is set out under "Fund" at paragraph 4.

#### **12.7 Expenses**

12.8 The ACD is also entitled to be reimbursed by the Company for all reasonable, properly documented, out of pocket expenses incurred by it in the performance of its duties as set out above, including any legal fees and stamp duty and SDRT on transactions in Shares.

#### **12.9 Preliminary charge**

12.10 The current preliminary charge of a Class may only be increased, and a change to the rate or method of calculation of a current redemption charge of a Class which is adverse to Shareholders of that Class may only be made, after the ACD has made available a revised prospectus showing the new rate of charge and its commencement date and following any approvals and notifications as may be required under the Regulations.

#### **12.11 General**

VAT is payable on these charges or expenses where appropriate. At the date of this Prospectus, no VAT is payable on the management charge, however should VAT be payable in the future, this will be charged to the Company.

12.12 If the expenses allocated to a Class in any period exceed the income allocated to that Class for that period, the ACD may charge that excess against the capital property attributable to that Class.

12.13 The ACD may only increase its management charge or introduce a new category of remuneration for its services payable out of the Scheme Property after the ACD has given at least 60 days' notice in writing of the introduction and the date of its commencement to all Shareholders concerned, and after the ACD has made available a revised prospectus to reflect the introduction and the date of its

commencement and following any approvals and notifications as may be required under the Regulations.

### **Depositary's fee**

#### 12.14 **Periodic fee**

- (a) The Depositary receives for its own account a periodic fee which will accrue due monthly on the Valuation Point in each month and the period since the Valuation Point in the preceding month and is payable within seven days after the relevant Valuation Point. The fee is calculated by reference to an annual rate and is based on the Net Asset Value on the Valuation Point of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of the Company. The fee is payable out of the Scheme Property. The rate of the periodic fee is agreed between the ACD and the Depositary. The actual charge is calculated on a sliding scale on the following basis:

0.0275% p.a.	on the first £50 million value of the Scheme Property of the Fund;
0.025% p.a.	on the next £50 million value of the Scheme Property of the Fund;
0.020% p.a.	on the next £100 million value of the Scheme Property of the Fund;
0.015% p.a.	on the remaining value of the Scheme Property of the Fund thereafter

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

These rates may be varied from time to time in accordance with the OEIC Regulations and the COLL Sourcebook.

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

### **Transaction and custody charges**

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

<b><u>Item</u></b>	<b><u>Range/Fees</u></b>
Transaction charges	£7.50 to £180
Derivative transaction charges	£20 (if applicable)
Custody charges	up to 0.9%

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

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

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

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

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

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

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

- 12.15 The Investment Manager will be paid by the ACD out of its annual management charge. Research costs will be paid for by the Investment Manager out of this fee and shall not be borne by the Company.

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

- 12.16 The fees and expenses (plus VAT thereon) of the Administrator for providing administration and registration services are met by the ACD out of its management charge.

### **Dealing Charges**

- 12.17 Charges on purchases, redemptions and switches of Shares are set out under "Dealing Charges" at paragraph 8.18.

### **Allocation of payments**

- 12.18 The ACD and the Depositary have agreed that normally the fees payable to the ACD and the Depositary (except those charges and expenses relating directly to the purchase and sale of investments) will be treated as a charge against the income of the Company.

If there is insufficient income to meet the fees then all, or part of those fees, may be treated (at the request of the ACD) as a charge against the capital of the Company.

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

## **13 Meetings and Voting Rights**

- 13.1 For the purposes of this paragraph 13:
- (a) a "physical meeting" is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
  - (b) a "hybrid meeting" is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and
  - (c) a "virtual meeting" is a general meeting where all Shareholders, or their proxy, attend and vote remotely.

### **Annual General Meeting**

- 13.2 The Company has elected not to hold annual general meetings in addition to any other meetings whether general or otherwise that it may hold in that year.
- 13.3 Certain changes to this Prospectus or the Instrument of Incorporation may require the prior approval of a meeting of Shareholders, in accordance with the COLL Sourcebook. When such approval is not required by the COLL Sourcebook, the ACD



may make changes to the Prospectus or the Instrument of Incorporation without the approval of Shareholders.

### **Class Meetings**

- 13.4 Unless the context otherwise requires, the provisions of the Instrument of Incorporation (summarised below), apply to Class meetings and meetings of the Fund as they apply to general meetings of the Company, but by reference to Shares of the Class concerned and the holders and value and prices of such Shares.

### **Requisitions of Meetings**

- 13.5 The ACD or the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.
- 13.6 Shareholders may request the convening of a general meeting by a requisition which must:
- (a) state the objective of the meeting;
  - (b) be dated;
  - (c) be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue; and
  - (d) be deposited at the head office of the Company or with the Depositary.
- 13.7 The ACD or the Depositary must convene a general meeting no later than eight weeks after receipt of such requisition. Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.
- 13.8 Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.
- 13.9 Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.

- 13.10 A meeting of Shareholders, duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.
- 13.11 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.
- 13.12 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.
- 13.13 A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.

#### **Notice and Quorum**

- 13.14 Where a meeting of Shareholders is convened by the ACD or the Depositary, Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:
- (a) whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
  - (b) if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
  - (c) if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;
  - (d) the day and hour of the meeting;
  - (e) the terms of the resolutions to be proposed; and
  - (f) the address of the website where the minutes of the meeting will subsequently be published.
- 13.15 Where the notice is served by the ACD a copy shall be sent to the Depositary.

- 13.16 The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.
- 13.17 Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.
- 13.18 Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.
- 13.19 The quorum at a meeting of Shareholders shall be two Shareholders present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:
- (a) if convened on the requisition of Shareholders, must be dissolved; and
  - (b) in any other case, must stand adjourned to:
    - (i) a day and time which is seven or more days after the day and time of the meeting; and
    - (ii) in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair.
- 13.20 If, at an adjourned meeting under paragraph 13.19(b), a quorum is not present after a reasonable time from the time for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.
- 13.21 The chair of a meeting which permits Shareholders to attend and vote remotely shall take reasonable care to give such Shareholders:
- (a) an adequate opportunity to be counted as present in the quorum; and
  - (b) sufficient opportunities to participate fully in the proceedings of the meeting, in particular when a vote is taken on a show of hands or by poll.

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

### **Service of Notice to Shareholders**

13.23 Any notice or document to be served upon a Shareholder will be duly served if it is:

- (a) delivered to the Shareholder's address as appearing in the Register; or
- (b) delivered by using an electronic medium in accordance with paragraph 8.14.

13.24 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

13.25 Any notice or document served by post on one joint Shareholder is deemed to also have been served on each other joint Shareholder whose address, as appearing on the register, is the same address to which the notice or document was sent.

13.26 Any document or notice to be served on or information to be given to a Shareholder, must be in legible form. For this purpose, any form is legible form which:

- a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
- b) is capable of being provided in hard copy by the ACD;
- c) enables the recipient to know or record the time of receipt; and
- d) is reasonable in the context.

### **Voting Rights**

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

13.28 On a poll, votes may be either given in person or by proxy or in another manner permitted by the Instrument. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue as the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is deemed to have been served. Every Shareholder who is present in person or by proxy shall have one vote for every Share they hold. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the Register will be accepted to the exclusion of the votes of other joint Shareholders.

- 13.29 In the context of despatch of notice, "Shareholders" means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.
- 13.30 To be included in the quorum and entitled to vote at the meeting, "Shareholders" mean the persons entered on the register at a time determined by the ACD and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting.
- 13.31 A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.
- 13.32 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 relevant 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.
- 13.33 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any Associate of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or that Associate holds on behalf of or jointly with a person who, if they were the sole registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.
- 13.34 The ACD will publish the minutes on a website accessible to the general public without charge, no later than 5 Business Days after the meeting has taken place (but in the case of an original meeting which is adjourned, the minutes will be published no later than 5 Business Days after the adjourned meeting has taken place).

#### **Variation of Class Rights**

- 13.35 The rights attached to any Class or Fund may be varied in accordance with the provisions of COLL.

#### **Proceedings at General Meetings**

- 13.36 The duly authorised representative of the Depositary will preside as chairman at general meetings of the Company. If the representative is not present or declines to take the chair, the Shareholders may choose one of their number to be chairman.
- 13.37 The chairman of any quorate general meeting may with the consent of the meeting, and must, if directed by the meeting, adjourn the meeting from time to time (or without date) and from place to place. No business may be transacted at an

adjourned general meeting which could not lawfully have been transacted at the meeting from which the adjournment took place.

- 13.38 The Shareholders have rights under the COLL Sourcebook to demand a poll. In addition to these rights, a poll may be demanded by the chairman of the meeting or by the ACD on any resolution put to the vote of a general meeting.
- 13.39 Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings, will be conclusive evidence of that fact. If a poll is required, it shall be taken in such manner as the chairman of the meeting may direct.
- 13.40 The chairman may take any action they reasonably consider appropriate and not in contravention of any of the provisions of the Prospectus or the Instrument of Incorporation for ensuring the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.
- 13.41 Changes to the Company are classified as fundamental, significant or notifiable.
- 13.42 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:
- (a) changes the purpose or nature of the Company;
  - (b) may materially prejudice a Shareholder;
  - (c) alters the risk profile of the Company; or
  - (d) introduces a new type of payment out of the Company property.
- 13.43 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:
- (a) affects a Shareholder's ability to exercise their rights in relation to their investment;
  - (b) would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
  - (c) results in any increased payments out of the Company property to the ACD or an associate of the ACD; or
  - (d) materially increase other types of payment out of the Company property.
- 13.44 The notice period must be of reasonable length, and must not be less than 60 days.

- 13.45 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Company.
- 13.46 Changes to the investment objective and policy of a Fund will normally require approval by Shareholders at an extraordinary general meeting if the change alters the nature or risk profile of the Fund, or on giving 60 days' notice to Shareholders where the changes do not alter the nature or risk profile of the Fund. In exceptional circumstances, changes may be made to the investment objective and policy of any Fund with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy following notification to the FCA pursuant to the OEIC Regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Fund.

#### **Corporations acting by representatives**

- 13.47 Any corporation which is a Shareholder may by resolution of its directors or other governing body and in respect of any Share or Shares of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Company or at any Class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation would be entitled to exercise in respect of such Share or Shares if it were an individual Shareholder.
- 13.48 Any corporation which is a Director may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the Company, or of any Class meeting or at any meeting of the Directors. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation would be entitled to exercise if it were an individual Director.

## **14 Winding Up of the Company or Fund**

### **Procedure**

- 14.1 The Company must not be wound up, or a Fund terminated, except under chapter 7.3 of COLL or as an unregistered company under Part V of Insolvency Act 1986 (or, for a Fund, as modified by regulation 33C of the OEIC Regulations).
- 14.2 The Company must not be wound up, or a Fund terminated unless (a) effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the affairs of the Company (or proposals to alter the Company's Instrument of

Incorporation and Prospectus requiring a Fund to be terminated) and (b) a statement has been prepared, and delivered to, the FCA under COLL 7.3.5 R (“**solvency statement**”) prior to satisfaction of the condition in (a).

- 14.3 Subject to the above the Company may be wound up, or a Fund terminated under the COLL Sourcebook:
- (a) if an extraordinary resolution of the Company or the Fund (as the case may be) to that effect is passed by Shareholders; or
  - (b) when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or the Fund is to be wound up (for example, if the capital of the Company or (in relation to the Fund) the Net Asset Value of the Fund is below its prescribed minimum, or if a change in the laws or regulations of any country means that, in the ACD’s absolute discretion, it is desirable to wind up the Company or terminate the Fund); or
  - (c) on the date stated in any agreement by the FCA following a request by the ACD for the winding up of the Company or a request to terminate a Fund; or
  - (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company (or, as the Company is an umbrella) a Fund ceasing to hold any Scheme Property; or
  - (e) on the date on which all of its Funds falling within (d) above or have otherwise ceased to hold any Scheme Property despite the Company may have assets and liabilities that are not attributable to any particular Fund.
- 14.4 The ACD may, in its absolute discretion, terminate any Fund subject to and in accordance with the Regulations, if:
- (a) one year from the date of the first issue of Shares relating to that Fund or at any date thereafter the Net Asset Value of the Fund is less than £10,000,000 or its equivalent in the base currency of the Fund; or
  - (b) the ACD decides that it is desirable to terminate the Fund.
- 14.5 On the occurrence of any of the above:
- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) of the COLL Sourcebook will cease to apply to the Company or the Fund;
  - (b) the Company will cease to issue and cancel Shares in the Company or the Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the Fund;



- (c) no transfer of a Share will be registered and no other change to the Register will be made without the sanction of the ACD;
- (d) where the Company is being wound up, the Company will cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) the corporate status and powers of the Company and subject to (a) and (d) above, the powers of the ACD will continue until the Company is dissolved.

- 14.6 The ACD will, as soon as practicable after the Company or the Fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Fund (as the case may be) 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 in proportion to their rights to participate in the property of the Company or the Fund. In the case of the Company, the ACD will also publish notice of the commencement of the winding up of the Company or terminate the Fund in the London Gazette. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or to terminate the Fund, the ACD will, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to affected Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company to be realised, the ACD will 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 the relevant Shareholders of any balance remaining in proportion to their holdings in the Company or the Fund.
- 14.7 As soon as reasonably practicable after completion of the winding up of the Company or the termination of the Fund, the ACD will notify the FCA that the winding up has been completed.
- 14.8 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions, paragraph 9.4) still standing to the account of the Company will be paid into court by the ACD within one month of the dissolution.
- 14.9 Following the completion of a winding up of the Company or the termination of the Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the property was distributed. The auditors of the Company will 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 affected Shareholder (or the first named of joint Shareholders) on it within two months of the completion of the winding up.

## **15 Non-accountability for profits**

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

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

## **Schedule 1**

### **Investment and Borrowing Powers of the Company and each Fund**

Investment of the assets of any Fund must comply with the COLL Sourcebook and that Fund's investment objective and policy.

This Schedule summarises the investment and borrowing restrictions applicable to each Fund, each of which is categorised as a "Non-UCITS Retail Scheme" operating as a FAIF as defined in and for the purposes of the COLL Sourcebook.

#### **1 Investment restrictions**

- (a) The property of a Fund must be invested with the aim of achieving its investment objective but subject to the limits on investment set out in Chapter 5.7 of the COLL Sourcebook and its investment policy. These limits apply as summarised below.
- (b) The Fund will not have a direct interest in immovable property or tangible movable property (although issuers of transferable securities in which the Fund may invest may have such interests).
- (c) Paragraph (a) (in the main Prospectus) sets out details regarding ancillary liquid and/or illiquid assets.
- (d) Generally, a Fund will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in the UK or an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money-market instruments, deposits, derivatives and forward transactions and gold.
- (e) Eligible markets are regulated markets or markets established in the UK or an EEA State which are regulated, operate regularly and are open to the public, as well as markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the COLL Sourcebook and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors.
- (f) A list of the eligible securities and derivatives markets on which each Fund in the Company may invest is contained in Schedule 2.

#### **2 Transferable securities**

- (a) Up to 20% of a Fund's Scheme Property may be invested in transferable securities which are not approved securities.



### 3 **Spread: general**

- (a) This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 4 applies.
- (b) The specific limits are set out as follows:
  - (i) not more than 20% in value of the Scheme Property is to consist of deposits with a single body;
  - (ii) not more than 10% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by a single body subject to COLL 5.6.23 R (except that the limit of 10% is raised to 25% in value of the Scheme Property in respect of covered bonds);
  - (iii) exposure to any one counterparty in an OTC derivative transaction shall not exceed 10% in value of the scheme; and
  - (iv) not more than 35% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- (c) In applying the limit under paragraph (b)(ii) above, certificates representing certain securities are to be treated as equivalent to the underlying securities.
- (d) For the purposes of this paragraph 2, a single body is: (a) in relation to transferable securities and money market instruments, the person by whom they are issued; and (b) in relation to deposits, the person with whom they are placed.

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

- (a) The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:
  - (i) the UK or an EEA State;
  - (ii) a local authority of the UK or an EEA State;
  - (iii) a non-EEA State; or
  - (iv) a public international body to which the UK or one or more EEA States belong
- (b) Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

- (c) **The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body, provided that:**
- (i) **the ACD has, before any such investment is made, consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Company;**
  - (ii) **no more than 30% in value of the Scheme Property consists of such securities of any one issue;**
  - (iii) **the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and**
  - (iv) **the disclosures in COLL 4.2.5R(3)(i) have been made in the most recently published version of this Prospectus.**
- (d) In relation to such securities:
- (i) issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - (ii) an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- (e) Notwithstanding paragraph 3(a) and subject to paragraphs 3(b)(i) and 3(d) above, in applying the 20% limit in paragraph 3(b)(i) with respect to a single body, such securities issued by that body shall be taken into account.
- (f) **More than 35% in value of the Scheme Property may be invested in such securities issued by:**
- (i) **the government of the United Kingdom, the governments of Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain and Sweden and the governments of Australia, Canada, Japan, New Zealand, Switzerland and the United States of America or public securities issued by Council of Europe, Council of Europe Development Bank, European Bank of Reconstruction and Development, European Community, European Investment Bank, Eurofima, International Finance Corporation, Nordic Investment Bank, Euratom, Asian Development Bank, African National Bank, Inter-American Development Bank, International Bank for Reconstruction and Development (the World Bank),**

**International Monetary Fund, Kreditanstalt für Wiederaufbau (KfW), Deutsche Ausgleichsbank, Landeskreditbank Baden-Württemberg-Förderbank, Caisse d'Amortissement de la Dette Sociale (CADES), Caisse des Dépôts et Consignations (CDC), Caisse Nationale des Télécommunications, Instituto de Crédito Oficial (ICO), Instituto Nacional Industrial (INI), Kommunekredit, Kommuninvest I Sverige AB, Oesterreichische Kontrollbank (OeKB) or, in each case, any successor organization.**

## **5 Collective Investment Schemes**

- (a) Up to 100% in value of a Fund's Scheme Property may be invested in units in other collective investment schemes (the "second scheme"), although not more than 35% in value of the Scheme Property may consist of the units of any one collective investment scheme. Investment may be made in a second scheme managed by the ACD or any Associate subject to the rules contained in COLL 5.6.11R.
- (b) The second scheme must be a scheme which:
  - (i) is a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA;
  - (ii) is a recognised scheme (as defined in the FCA Glossary);
  - (iii) is a Non-UCITS Retail Scheme;
  - (iv) is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS Retail Scheme; or
  - (v) satisfies the following conditions:
    - (A) it operates on the principle of a prudent spread of risk;
    - (B) the second scheme is prohibited from investing more than 15% in value of the property of that scheme in units in collective investment schemes or, if there is no such prohibition, the ACD is satisfied, on reasonable grounds and after making all reasonable enquiries, that no such investment will be made;
    - (C) its participants must be entitled to have their units redeemed in accordance with the scheme at a price:
      - 1) related to the net asset value of the property to which the units relate; and
      - 2) determined in accordance with the scheme; and

- (D) where the second scheme is an umbrella, the provisions in (A) to (C) and COLL 5.6.7R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- (c) The Company may not pay any related charges or expenses for investing in such units if the schemes are managed, operated or administered by the ACD (or one of its Associates), in which case the Company will pay no additional management or administrative charges to the ACD or its Associate (as the case may be).
- (d) The Company must not invest in units in second schemes set out in paragraph 5(b)(v) above unless the ACD has carried out appropriate due diligence on each of the second schemes and:
  - (i) is satisfied, on reasonable grounds and after making all reasonable enquiries, that each of the second schemes complies with relevant legal and regulatory requirements;
  - (ii) has taken reasonable care to determine that:
    - (A) the property of each of the second schemes is held in safekeeping by a third party, which is subject to prudential regulation and independent of the investment manager of the second scheme;
    - (B) the calculation of the net asset value of each of the second schemes and the maintenance of their accounting records is segregated from the investment management function; and
    - (C) each of the second schemes is regularly audited by an independent auditor in accordance with international standards on auditing.
- (e) The ACD must carry out appropriate due diligence as detailed in (e) on those schemes on an on-going basis.
- (f) A list of the locations of the establishment of any second schemes which the Company may invest in from time to time is shown in Appendix 5.

## 6 **Warrants and nil and partly paid securities**

- (a) **Warrants may be used for the purposes of meeting the investment objectives of a Fund. Depending on the actual use of warrants by a Fund the risk profile of the Fund may, at times, be highly volatile.**
- (b) Up to 100% in value of the Scheme Property may consist of warrants, provided that the exposure created by the exercise of the right conferred by the warrant must not exceed the spread limits set out in the COLL Sourcebook.



- (c) Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the COLL Sourcebook.

## 7 **Money-market instruments**

- (a) Up to 100% in value of a Fund's Scheme Property may consist of money-market instruments which are admitted to or dealt on an eligible market, provided that no more than 20% in value of the Scheme Property may be invested in money-market instruments that are not liquid and do not have a value that can be accurately determined at any time.
- (b) Not more than 10% in value of a Fund's Scheme Property may be invested in money-market instruments issued by a single body.

## 8 **Deposits**

**Up to 20% in value of a Fund's Scheme Property may consist of deposits with a single body. A Fund may only invest in deposits 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.**

## 9 **Gold**

Up to 10% of a Fund's Scheme Property may be invested in gold.

## 10 **Derivatives and forward transactions**

- (a) **Derivative transactions may be used for the purposes of hedging and meeting the investment objectives of a Fund. In pursuing a Fund's objective the ACD may make use of a variety of derivative instruments in accordance with the COLL Sourcebook. A Fund may invest in derivatives, including forwards, for both hedging and investment purposes. Depending on the actual use of derivatives by a Fund the risk profile of that Fund and the Company may, at times, be highly volatile.**
- (b) Except as set out in paragraph (g) below, there is no upper limit on the use of transactions in derivatives or forward transaction for a Fund but they must fall under paragraphs (c) and (f) below.
- (c) A transaction in a derivative must:
  - (i) either:
    - (A) be in an approved derivative (in which case it must be effected on or under the rules of an eligible derivatives market); or

- (B) be in an off-exchange future, an option or a contract for differences which must be entered into with an approved counterparty in accordance with the COLL Sourcebook, must be on approved terms as to valuation and close out and must be capable of valuation.
- (ii) have the underlying consisting of any or all of the following to which a Fund is dedicated:
  - (A) transferable securities;
  - (B) money-market instruments;
  - (C) permitted deposits;
  - (D) permitted derivatives;
  - (E) permitted units in collective investment schemes;
  - (F) financial indices;
  - (G) interest rates;
  - (H) foreign exchange rates; and
  - (I) currencies.
- (d) A transaction in a derivative must not cause a Fund to diverge from its investment objectives and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money-market instruments, units in collective investment schemes or derivatives. Any forward transaction must be with an approved counterparty.
- (e) The use of derivatives by a Fund must be supported by a risk management process maintained by the ACD which should take account of the investment objectives and policy of the Company.
- (f) A transaction in derivatives or forward transaction may be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person, is covered. Exposure is covered if adequate cover from within the Scheme Property for the Fund is available to meet its total exposure, taking into account the initial outlay, the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions and cash not yet received into the Fund's Scheme Property but due to be received within one month, is available as cover for these purposes. Property which is the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to

determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required. A Fund's exposure relating to derivatives held by it may not exceed the net value of its Scheme Property.

- (g) The net exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of a Fund's Scheme Property.
- (h) For the purpose of calculating the limit in (g), 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 conditions specified in (i).
- (i) The conditions referred to in (h) are that the collateral:
  - (a) is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) 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
  - (d) can be fully enforced by the Company at any time.
- (j) For the purpose of calculating the limit in (g), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - (a) comply with the conditions set out in Part 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR; and
  - (b) are based on legally binding agreements.

In applying this rule, 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: (a) it is backed by an appropriate performance guarantee; and (b) it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

## 11 **General**

- (a) 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 a Fund.
- (b) Cash or near cash must not be retained as part of a Fund's Scheme Property except in order to enable

- (i) the pursuit of a Fund's investment objective;
- (ii) redemption of Shares in a Fund;
- (iii) efficient management of the Fund in accordance with its investment objective; or
- (iv) for a purpose which may reasonably be regarded as ancillary to its investment objectives.

## 12 **Stock Lending**

- (a) The Company, or the Depositary at the Company's request, may enter into stock lending transactions (involving a disposal of securities and reacquisition of equivalent securities) on behalf of a Fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income with an acceptable degree of risk. Such transactions must comply with conditions set out in the COLL Sourcebook, which require (inter alia) that:
  - (i) the stock lending transaction must be of a kind described in Section 263B of the Taxation of Chargeable Gains Act 1992;
  - (ii) the terms of the agreement under which the Depositary is to reacquire the securities for the account of a Fund must be acceptable to the Depositary and in accordance with good market practice;
  - (iii) the counterparty must be acceptable in accordance with the COLL Sourcebook; and
  - (iv) collateral is obtained to secure the obligation of the counterparty, which must be acceptable to the Depositary and must also be adequate and sufficiently immediate as provided in the COLL Sourcebook.

## 13 **Borrowing Powers**

- (a) The Company may, subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on the terms that the borrowing is to be repayable out of the Scheme Property. The power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation. The ACD must ensure that a Fund's aggregate borrowings do not exceed 10 % of the value of its Scheme Property on any Business Day.
- (b) These borrowing restrictions do not apply to "back to back" borrowing to provide cover for transactions in derivatives and forward transactions.

## **Schedule 2**

### **List of Eligible Securities and Derivatives Markets**

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

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

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

<b>Australia</b>	ASX Group Sydney Futures Exchange
<b>Austria</b>	Wiener Borse Vienna Stock Exchange
<b>Belgium</b>	Euronext Brussels Euronext Brussels Derivatives Market
<b>Brazil</b>	BM & F BOVESPA
<b>Canada</b>	Montreal Exchange Toronto Stock Exchange TSX Venture Exchange
<b>China</b>	Shanghai Stock Exchange Shenzhen Stock Exchange Hong Kong Exchange
<b>Czech Republic</b>	Prague Stock Exchange

<b>Denmark</b>	NASDAQ OMX Copenhagen
<b>Finland</b>	NASDAQ OMX Helsinki
<b>France</b>	Euronext Paris
	MONEP
	MATIF
<b>Germany</b>	Deutsche Borse
	Frankfurt Stock Exchange
	Borse Berlin
	Hamburg Stock Exchange
	Munich Stock Exchange
	Dusseldorf Stock Exchange
<b>Greece</b>	Athens Stock Exchange
<b>Hungary</b>	Budapest Stock Exchange
<b>India</b>	Bombay Stock Exchange (BSE)
	National Stock Exchange of India
<b>Indonesia</b>	Indonesian Stock Exchange (IDX)
<b>Ireland</b>	Irish Stock Exchange
<b>Israel</b>	Tel Aviv Stock Exchange
<b>Italy</b>	Italiana Borsa
	Futures Market for Government Securities (MIF)
	Italy Equities Derivatives Market (IDEM)
<b>Japan</b>	Tokyo Stock Exchange
	Second Tier
	Osaka Securities Exchange
	Nagoya Stock Exchange
	Tokyo International Financial Futures Exchange

<b>Korea</b>	Korea Exchange
<b>Luxembourg</b>	Bourse de Luxembourg First Market
<b>Malaysia</b>	Bursa Malaysia Securities
<b>Mexico</b>	Mexican Stock Exchange
<b>Netherlands</b>	Euronext Amsterdam Euronext Amsterdam Derivatives Market
<b>New Zealand</b>	New Zealand Stock Exchange (NZX) New Zealand Futures & Options Exchange
<b>Norway</b>	NASDAQ OMX Oslo
<b>Peru</b>	Lima Stock Exchange
<b>Philippines</b>	Philippines Stock Exchange
<b>Poland</b>	Warsaw Stock Exchange (WSE)
<b>Portugal</b>	Euronext Lisbon Euronext Lisbon Futures and Options Market
<b>Saudi Arabia</b>	Saudi Exchange
<b>Singapore</b>	Singapore Exchange (SGX)
<b>South Africa</b>	JSE Limited South African Futures Exchange (SAFEX)
<b>Spain</b>	Madrid Stock Exchange Barcelona Stock Exchange Valencia Stock Exchange Bilbao Stock Exchange
<b>Sweden</b>	NASDAQ OMX Stockholm
<b>Switzerland</b>	SIX Swiss Exchange AG
<b>Taiwan</b>	Taiwan Stock Exchange

	Taipei Exchange
<b>Thailand</b>	Stock Exchange of Thailand (SET)
<b>Turkey</b>	Istanbul Stock Exchange (ISE)
<b>United Kingdom</b>	London Stock Exchange
	Main Market
	AIM
	OMLX
	SFM
	Euronext LIFFE
<b>United States</b>	NASDAQ OMX
	New York Stock Exchange
	NYSE Amex
	NASDAQ OMX PHLX
	Boston Stock Exchange
	Chicago Stock Exchange
	NYSE Arca
	National Stock Exchange
	US Bond Market
	Chicago Board of Trade
	Chicago Board Options Exchange
	Chicago Mercantile Exchange
	New York Futures Exchange
	New York Mercantile Exchange
	Philadelphia Board of Trade
<b>Other</b>	International Securities Market Association



Schedule 3

**Other Regulated Collective Investment Schemes the ACD manages**

**Authorised Contractual Schemes**

**Authorised Investment Companies with Variable Capital**

**Authorised Unit Trusts**

TM Brunel Pension Partnership  
ACS

Abaco Fund ICVC  
Arch House Fund  
Ariel Fund  
Bryth ICVC  
Canterbury Investment Fund  
CP Investment Funds  
Destiny Fund ICVC  
Harroway Capital ICVC  
Hawarwatza Fund  
Libero Portfolio Fund  
Lime Grove Fund  
Meadowgate Funds  
Moulsoe Fund  
Scarp Fund  
Skiwi Fund  
The Ambrose Fund  
The Astral Fund  
The Capital Link Growth Fund  
The Contact Fund  
The Diversification Fund ICVC  
The Dunnottar Fund  
The Global Multi Asset Fund  
The Gulland Fund  
The Hector Fund  
The Juniper Fund  
The Lockerley Fund  
The Mazener Fund  
The MCMLXIII Fund  
The Motim Fund  
The Northern Funds  
The Oenoke Fund  
The Ord Fund ICVC  
The Overstone Fund

BPM Trust  
Eden Investment Fund  
Elfynn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Ivy Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Castor Fund  
The Darin Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon Fund  
The Endeavour II Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Millau Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund

**Authorised Contractual Schemes**

**Authorised Investment Companies with Variable Capital**

The Penare Fund  
The Saint Martins Fund  
The Staderas Fund  
The Stratford Fund  
The Sun Portfolio Fund  
The TBL Fund  
The TM Lancewood Fund  
The TM Mitcham Fund  
The Torricon Growth Fund  
The Vinings Fund  
The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Balanced Growth Fund  
TM Brown Advisory Funds  
TM Brunsdon OEIC  
TM Cerno Investment Funds  
TM Cresswell Fund  
TM CRUX Funds ICVC  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM Investment Funds  
TM Lime Fund  
TM Natixis Investment Funds  
U.K. ICVC  
TM Neuberger Berman Investment Funds  
TM Oak Fund  
TM OEIC  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Stonehage Fleming Global Multi-Asset Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Tellworth Investments Funds  
TM Total Return Fund

**Authorised Unit Trusts**

Thesis PM B Fund  
Thesis Thameside Managed Fund  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund  
TM New Court Return Assets Fund  
TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund  
TM Stonehage Fleming Global Equities Fund II  
TM Stonehage Fleming Global Equities Umbrella Fund

**Authorised Contractual Schemes**

**Authorised Investment Companies with Variable Capital**

TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds

**Authorised Unit Trusts**

**Schedule 4  
Past Performance Data**

The comparisons in the below table represent different classes over a five year period. The performance table shows the total annual return up to 31 December in each year listed.

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

**TM First Arrow Diversified Fund**

<b>Share Class</b>	<b>2019 (%)</b>	<b>2020 (%)</b>	<b>2021 (%)</b>	<b>2022 (%)</b>	<b>2023 (%)</b>
<b>Income Shares</b>	6.54	3.26	7.94	-3.85	3.84

*Source of performance data - Morningstar*

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

The value of your investments and the income from them can fall as well as rise and you might not get back the original amount invested. This can be as a result of markets movements, and also from variations in the exchange rates between sterling and the currency in which a particular underlying investment is denominated.

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

**Past performance is not a guarantee of future performance.**

## **Schedule 5**

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

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

Cayman Islands

Ireland

Luxembourg

Mauritius

United States

## Schedule 6

### Securities Financing Transactions and Total Return Swaps

1. The ACD is required by the UK SFTR to make certain disclosures in respect of the Securities Financing Transactions and Total Return Swaps that it is authorised to use.
2. As at the date of this Prospectus, whilst the Company may use Securities Financing Transactions and Total Return Swaps, it does not currently do so. However, the ACD reserves the right to permit the use of such instruments in the future.
3. Where the ACD intends to allow the Company to enter into Securities Financing Transactions or Total Return Swaps, not less than 60 days' written notice will be given to shareholders. In addition, this Prospectus will be updated in accordance with the UK SFTR to include the following:
  - 3.1 a general description of the Securities Financing Transactions and Total Return Swaps used and the rationale for their use;
  - 3.2 overall data to be reported for each type of Securities Financing Transaction and Total Return Swap, including:
    - 3.2.1 the types of assets that can be subject to them;
    - 3.2.2 the maximum proportion of assets under management that can be subject to them; and
    - 3.2.2 the expected proportion of assets under management that will be subject to them;
  - 3.3 the criteria used to select counterparties;
  - 3.4 a description of acceptable collateral;
  - 3.5 a description of the collateral valuation methodology used and its rationale, and whether daily mark-to-market and daily variation margins are used;
  - 3.6 a description of the risks linked to Securities Financing Transactions and Total Return Swaps as well as risks linked to collateral management, and, where applicable, the risks arising from its reuse;
  - 3.7 a specification of how assets subject to Securities Financing Transactions and Total Return Swaps and collateral received are safe-kept;
  - 3.8 a specification of any restrictions (regulatory or self-imposed) on reuse of collateral; and
  - 3.9 a description of the policy on sharing of return generated by Securities Financing Transactions and Total Return Swaps.

## Schedule 7

### Directory

<b>The Company and Head Office:</b>	<b>TM First Arrow Investment Funds</b> Exchange Building St. John's Street Chichester, PO19 1UP
<b>Authorised Corporate Director:</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building St. John's Street Chichester, PO19 1UP
<b>Depository:</b>	<b>NatWest Trustee and Depository Services Limited</b> 250 Bishopsgate, London EC2M 4AA
<b>Investment Manager:</b>	<b>Windmill Hill Asset Management Limited</b> Windmill Hill, Silk Street Waddesdon, Buckinghamshire HP18 0JZ
<b>Administrator, Registrar and</b>	<b>Northern Trust Global Services SE, UK</b>
<b>Fund Accountant:</b>	<b>branch</b> 50 Bank Street Canary Wharf, London E14 5NT
<b>Dealing Office</b>	<b>Thesis Unit Trust Management Limited</b> Sunderland, SR43 4AZ
<b>Auditors:</b>	<b>Grant Thornton UK LLP</b> 30 Finsbury Square London EC2P 2YU
<b>Custodian:</b>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA
<i>Who may also act under this power through its London branch:</i>	50 Bank Street Canary Wharf; London E14 5NT
<b>The Financial Conduct Authority</b>	12 Endeavour Square London E20 1JN