



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

**PROSPECTUS**

**OF**

**THE CASTOR FUND**

**(an authorised Non-UCITS retail scheme unit trust)**

This document is the Prospectus of The Castor Fund (the 'Fund') and is dated and valid as at 30 April 2024.

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

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

## **Prospectus of The Castor Fund**

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

Thesis Unit Trust Management Limited, the authorised fund manager of the Fund, (the **Manager**) , is responsible for the information contained in this Prospectus. To the best of the Manager'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 and FUND to be included in it. Thesis Unit Trust Management Limited accepts responsibility accordingly.

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

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

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

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

The Units have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Units are subject to restrictions on transferability and resale and may not be transferred or resold in

the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

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

Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the Manager.

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

The provisions of the Fund's Trust Deed are binding on each of its Unitholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice at the date hereof.

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

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

### **Data Protection**

The personal details of each applicant for Units and each Unitholder will be held by the Manager and/or the Administrator as its agent in accordance with Data Protection Law for the purposes of carrying out the Manager's agreement with each Unitholder. This may include the transfer of such data to other members of the Manager's group and to other businesses providing services to the Manager (including their offices outside the UK), where the transfer is necessary

for the provision of services in relation to the Manager's role as operator of the Fund. 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 Manager will take steps to ensure that your privacy rights are respected. Unitholders have the right to access their personal data processed by the Manager together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the Manager'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).

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

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## DEFINITIONS

<b>“Act”</b>	Financial Services and Market Act 2000.
<b>“Administrator”</b>	Northern Trust Global Services SE, UK branch, or such other entity as is appointed to act as administrator to the Fund from time to time .
<b>“AIF”</b>	an alternative investment fund within the scope of the UK AIFM regime.
<b>“AIFM”</b>	the alternative investment fund manager for the purposes of the UK AIFM regime.
<b>“AIFMD”</b>	the Alternative Investment Fund Managers Directive (2011/61/EU)
<b>“AIFMD Level 2 regulation”</b>	as defined in the FCA Glossary.
<b>“AIFMD UK regulation”</b>	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).
<b>“AML”</b>	anti-money laundering.
<b>“Approved Bank”</b>	(in relation to a bank account opened for the Fund): <ul style="list-style-type: none"> <li style="margin-left: 40px;">(A) if the account is opened at a branch in the UK; <ul style="list-style-type: none"> <li>(i) the Bank of England; or</li> <li>(ii) the central bank of a member state of the OECD; or</li> <li>(iii) a bank; or</li> <li>(iv) a building society; or</li> <li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> </ul> </li> <li style="margin-left: 40px;">(B) if the account is opened elsewhere: <ul style="list-style-type: none"> <li>(i) a bank in (A); or</li> <li>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li> </ul> </li> <li style="margin-left: 40px;">(C) a bank supervised by the South African Reserve Bank;</li> <li style="margin-left: 40px;">(D) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,</li> </ul> <p>as such definition may be updated in the FCA Glossary from time to time.</p>
<b>“Business Day”</b>	a weekday being Monday to Friday (excluding any public or bank holiday in England).

<b>“CASS”</b>	the requirements relating to holding client assets and client money published by the FCA as part of their FCA Handbook.
<b>“Class” or “Classes”</b>	in relation to Units, means (according to context) all the Units of the Fund or a particular Class of Unit of the Fund.
<b>“COLL”</b>	the Collective Investment Schemes sourcebook published by the FCA as part of the FCA Handbook made under the Act for the time being in force (as amended or replaced)
<b>“Custodian”</b>	the person who provides custodian services to the Fund, being The Northern Trust Company and its successor or successors as custodian
<b>“Data Protection Law”</b>	all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances: <ul style="list-style-type: none"> <li>(a) the UK GDPR;</li> <li>(b) the Data Protection Act 2018;</li> <li>(c) any laws which implement any such laws; and</li> <li>(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</li> <li>(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Law (in each case whether or not legally binding).</li> </ul>
<b>“Dealing Day”</b>	each working day (except for bank holidays in England), the last Business Day of each month and other days at the Manager’s discretion.
<b>“Depositary Agreement”</b>	the agreement between the Manager and the Trustee regarding the appointment of the Trustee as depositary
<b>“EEA”</b>	the European Economic Area.
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the EEA.
<b>“Eligible Institution”</b>	has the meaning set out in the FCA Glossary.
<b>“EUWA”</b>	the European Union (Withdrawal) Act 2018.
<b>“FATCA”</b>	The Foreign Account Tax Compliance Act (US).
<b>“FCA”</b>	The Financial Conduct Authority whose address is set out in Appendix D.
<b>“FCA Glossary”</b>	the glossary giving the meanings of the defined expressions used in the FCA Handbook, as amended from time to time.
<b>“FCA Handbook”</b>	the FCA’s Handbook of rules and guidance, including COLL and FUND, as amended or replaced from time to time.

<b>“FCA Rules”</b>	the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements in either sourcebook.
<b>“Financial Instrument”</b>	as defined in the FCA Glossary.
<b>“Fund”</b>	The Castor Fund.
<b>“FUND”</b>	the rules contained in the Investment Funds Sourcebook published by the FCA as part of the FCA Handbook made under the Act for the time being in force (as amended or replaced).
<b>“Fund Accountant”</b>	the person who provides fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant.
<b>“Home State”</b>	as defined in the FCA Glossary.
<b>“International Tax Compliance Regulations”</b>	The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.
<b>“Investment Manager”</b>	Rothschild & Co Wealth Management UK Limited, the investment manager to the Fund.
<b>“Manager”</b>	Thesis Unit Trust Management Limited.
<b>“Non-UCITS retail scheme”</b>	an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund.
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development.
<b>“Prime Broker”</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in Financial Instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Fund does not currently require the services of a Prime Broker.
<b>“Register”</b>	the register of Unitholders of the Fund.
<b>“Registrar”</b>	Northern Trust Global Services SE, UK branch.
<b>“Regulated Activities Order”</b>	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.
<b>“Scheme Property”</b>	has the meaning set out in the FCA Glossary.
<b>“SFT”</b>	means a Securities Financing Transaction.
<b>“Securities Financing Transactions”</b>	as defined in the FCA Glossary.



<b>“Securities Financing Transactions Regulation”</b>	as defined in the FCA Glossary.
<b>“Trustee”</b>	NatWest Trustee and Depositary Services Limited.
<b>“Total Return Swaps” or “TRSs”</b>	total return swaps as defined in the UK SFTR.
<b>“UCITS”</b>	an undertaking for collective investment in transferable securities. This will include a UCITS scheme or an EEA UCITS scheme, each as defined in the FCA Glossary.
<b>“UCITS Directive”</b>	The European Parliament and Council Directive of 13 July 2009 of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC), .
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>“UK AIF”</b>	as defined in the FCA Glossary.
<b>“UK AIFM”</b>	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.
<b>“UK AIFM regime”</b>	meaning: <ul style="list-style-type: none"> <li>(a) the AIFMD UK regulation;</li> <li>(b) the AIFMD Level 2 regulation; and</li> <li>(c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK.</li> </ul>
<b>“UK GDPR”</b>	Regulation 2016/679 of the European Parliament and of the Council of 27th 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) including 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.
<b>“UK SFTR”</b>	as defined in the FCA Glossary.
<b>“UK UCITS”</b>	as defined in the FCA Glossary.
<b>“Unit or Units”</b>	a unit or units in the Fund.
<b>“Unitholder”</b>	holder(s) of registered Units in the Fund.

<b>“US Persons”</b>	<p>a person who is in either of the following categories:</p> <ol style="list-style-type: none"> <li>1. a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the 1993 Act; or</li> <li>2. a person excluded from the definition of a “Non-United States person” as used in Commodity Futures Trading Commission (CFTC) Rule 4.7.</li> </ol> <p>For the avoidance of doubt, a person is excluded from this definition of US Person only if they are outside both the definition of “U.S. person” in Rule 902 and the definition of “Non-United States person” under CFTC Rule 4.7.</p>
<b>“Valuation Point”</b>	the point, whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Fund for the purpose of determining the price at which Units of a Class may be issued, cancelled, sold or redeemed.
<b>“VAT”</b>	value added tax.
<b>“1933 Act”</b>	The United States Securities Act of 1933 (as may be amended or re-enacted).
<b>“1940 Act”</b>	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 an Appendix to paragraphs mean paragraphs in the relevant Appendix unless otherwise stated.

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

Unless otherwise defined in the Definitions above or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the 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.

## **SECTION 1 – GENERAL INFORMATION**

This document constitutes the Prospectus for The Castor Fund and is valid as at the date on the front of this Prospectus. The Fund is an authorised unit trust and a Non-UCITS retail scheme authorised and regulated by the Financial Conduct Authority. The effective date of the authorisation order of the Fund made by the FCA was 8 December 2022. The FCA product reference number for the Fund is 988483.

The Fund is a UK AIF for the purposes of FUND and the UK AIFM regime.

Unitholders are not liable for the debts of the Fund.

The duration of the Fund is unlimited.

### **Investor profile**

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

The base currency of the Fund is pounds sterling.

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

## **A. MANAGEMENT OF THE FUND**

### **1. Manager**

The Manager is Thesis Unit Trust Management Limited, a private company limited by shares incorporated in England and Wales on 6 February 1998 under the Companies Act 1985 with Company number 3508646. Thesis Unit Trust Management Limited is authorised and regulated by the FCA under number 186882. The Manager is authorised to carry on certain permitted regulated activities in the UK in accordance with the Act and is also the AIFM (alternative investment fund manager) for the purpose of the UK AIFM regime. The address for the FCA is set out in Appendix D.

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

Registered Office: Exchange Building, St. John's Street, Chichester, West Sussex PO19 1UP

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

Directors:

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

All directors are also directors of ConBrio Fund Partners Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group. D W Tyerman, S R Mugford and S E Noone perform senior management functions within those entities. D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the Manager.

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 Fund.

The Manager has delegated its investment management function to Rothschild & Co Wealth Management UK Limited, and its administrative and fund accountancy functions to Northern Trust Global Services SE, UK branch. Refer to Sections A(3) and A(4) respectively.

The Manager 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 Manager 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 AIFMD Regulations and the FCA Rules. In addition, the Manager 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 AIFMD Regulations and the FCA Rules.

The risks which are specifically covered by this approach include, without being limited to, risks of:

- (a) loss of documents evidencing title of assets of the Fund;
- (b) misrepresentations or misleading statements made to the Fund or its investors;
- (c) acts, errors or omissions resulting in a breach of:
  - (i) legal and regulatory obligations;
  - (ii) duty of skill and care towards the Fund and its investors;
  - (iii) fiduciary duties;
  - (iv) obligations of confidentiality;
  - (v) the terms of the Trust Deed;
  - (vi) terms of appointment of the Manager by the Fund;
- (d) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- (e) improperly carried out valuation of assets or calculation of Unit prices;
- (f) losses arising from business disruption, system failures, failure of transaction processing or process management.

## 2. **Trustee**

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

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

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

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

The Trustee 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 Trustee

The Trustee is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Fund and must ensure that certain processes carried out by the

Manager are performed in accordance with the applicable rules and scheme documents.

#### Terms of appointment

The appointment of the Trustee as trustee has been made under the terms of the Trust Deed between the Manager and the Trustee. The Trustee has also been appointed as the depositary of the Fund pursuant to the Depositary Agreement.

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

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

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

However, where the event which led to the loss of a Financial Instrument is not the result of the Trustee's own act or omission (or that of its sub-custodian), the Trustee is discharged of its liability for the loss of a Financial Instrument where the Trustee can prove that the Trustee 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 Manager will inform investors without delay of any changes with respect to the Trustee's liability.

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

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

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

Details of the fees payable to the Trustee are set out in the "Trustee's Fees and Expenses" section of this Prospectus at paragraph G(3).

### Conflicts of interest

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

It is possible that the Trustee 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 Fund or a particular sub-fund, one or more Unitholders, the Manager and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian. The Trustee 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 Unitholders collectively so far as practicable, having regard to its obligations to other clients.

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

The Trustee is under no obligation to account to the Manager, the Fund or the Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

### 3. **Investment Manager**

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

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

The Investment Manager has been appointed under an investment management agreement (the "**Investment Management Agreement**"). Under the terms of the Investment Management Agreement, the Investment Manager's main duties are to manage the investments of the Fund in accordance with the investment objective of the Fund, the terms of the Trust Deed, the Prospectus, and the FCA Rules. The Investment Management Agreement between the Manager and Investment Manager may be terminated without penalty by the Manager with immediate effect if it is in the interests of the Unitholders or otherwise by either party giving notice to the other party. The Investment Manager may only sub-delegate its functions with the prior consent of the Manager.

The fees of the Investment Manager will be met by the Manager. Research costs will be paid for by the Investment Manager and will not be paid out of the Scheme Property.

The Investment Management Agreement contains provisions to the following effect:

- (a) the Manager will indemnify the Investment Manager against certain losses incurred by the Manager but, in the absence of fraud, the Manager's liability will be limited to the assets of the Fund available to meet such a claim; and
- (b) the Investment Manager will be liable for certain losses suffered by the Manager or the Fund, subject, in the absence of fraud, to certain limitations on the Investment Manager's liability;
- (c) the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
- (d) the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

The main legal implications of the contractual relationship entered into for the purpose



of investment in the Fund are as follows:

- (a) By investing in the Fund through the means of Electronic Communications, by telephone or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Units which, once it is accepted by the Manager, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Units.
- (b) The provisions of the scheme documents made between the Manager and the Trustee by way of which the Fund is constituted, as the same may be amended from time to time are binding on each of the Unitholders (who are taken to have notice of them) as if that Unitholder was a party to it with effect on and from the date that any person has become a Unitholder.
- (c) The property of the Fund will be beneficially owned by the Trustee on behalf of the holders of Units of the Fund and may not be used to discharge any liabilities of, or meet any claim against, any person other than the holders of Units of the Fund.
- (d) 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 Fund, the Manager and Unitholders 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 Unitholder's investment in the Fund or any related matter.
- (e) The scheme documents may be amended by agreement between the Manager and the Trustee.
- (f) Absent a direct contractual relationship between a Unitholder and the relevant service provider, Unitholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Unitholder 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 Fund by the relevant service provider is, prima facie, the Fund itself or the Manager acting on behalf of the Fund, as the case may be.
- (g) 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.

- (h) The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Fund. 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 Fund and/or to implement the currency hedging strategy.

#### 4. **Registrar and Administrator**

The Manager is responsible for maintaining the Register and has delegated its Registrar function as well as the function of Administrator and Fund Accountant to Northern Trust Global Services SE, UK branch under a contract between the parties. The address for Northern Trust Global Services SE, UK branch is set out in Appendix D.

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

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, Units in the Fund;
- (c) administering the payment of distributions to Unitholders in the Fund;
- (d) dealing with certain regulatory reporting requirements on behalf of the Fund and the Manager;
- (e) maintaining the accounting records of the Fund;
- (f) assisting in calculating the Net Asset Value of the Fund, as well as to provide fund accounting services in respect of the Fund.

In line with the regulations that govern such operational outsourcing, the Manager retains responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

There are no conflicts of interest through delegation of these functions by the Manager.

## 5. **Auditors**

The Auditors of the Fund are KPMG LLP. The address for the Auditors is set out in Appendix D.

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

- (a) whether, in the Auditor's opinion, the accounts have been properly prepared in accordance with the relevant Statement of Recommended Practice, the rules in COLL, and the Trust Deed;
- (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 Fund for the annual accounting period in question and the financial position of the Fund as at the end of that period;
- (c) whether the Auditor is of the opinion that proper accounting records for the Fund 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 Manager for that period is consistent with the accounts.

## 6. **Conflicts**

Conflicts may arise between the interests of the Manager and its permitted delegates in certain circumstances, for example, where there is likelihood that:

- (a) the delegate and an investor in a Fund 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 Fund or the investors in the Fund;

- (c) the delegate has an interest in the outcome of a service or an activity provided to the Manager or the Fund;
- (d) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Fund or the investors in the Fund;
- (e) the delegate receives or will receive from a person other than the Manager an inducement in relation to the collective portfolio management activities provided to the Manager and the Fund in the form of monies, goods or services other than the standard commission or fee for that service.

The Manager 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 Manager 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.

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

### **1. Investment Objective**

The Fund aims to preserve and grow the real (i.e. after inflation) value of the Units of the Fund, net of fees, by the UK Consumer Price Index (CPI) plus 4% per annum, over a five year rolling period in all market conditions.

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

### **2. Investment Policy**

To achieve its objective, the Fund will be invested in assets that are expected to generate capital growth, after inflation (known as "**return assets**"). Typically, the "return assets" portion of the Fund's portfolio will be invested into equities (both directly, and indirectly through collective investment vehicles). The "return assets" portion of the Fund's portfolio may also include corporate bonds, commodities, hedge funds, and real estate (through collective investment vehicles).

The Fund will also be invested in assets that are expected to provide genuine diversification or protection against challenging equity markets (known as "**diversifying assets**"). Diversifying assets may include cash deposits, inflation-protected government bonds, warrants, money market instruments, derivatives, alternative strategies

(through regulated and unregulated collective investment vehicles), and forward transactions. An alternative investment is a financial asset that does not fall into one of the conventional investment categories such as equities, bonds and cash. Alternative strategies are collective investment vehicles that make use of alternative assets and are designed to achieve enhanced risk-adjusted returns which have a lower correlation to major indices.

The Fund combines return and diversifying assets which are invested across global markets. The return assets will typically comprise of approximately 50%-100% of the portfolio and are held to generate capital growth over a five-year rolling period; the remainder of the portfolio will comprise of diversifying assets which are held to protect capital and investment performance, particularly during difficult markets which means the Fund has discretion to invest in the assets outlined above with no specified geographic focus, target sector or market, or asset allocation. The Fund may also invest in a range of different assets denominated in both sterling and non-sterling currencies. Investment may be held either directly or indirectly through collective investment vehicles (regulated and unregulated, including those managed by the Manager, the Investment Manager or an associate of the Manager or third party Investment Manager). There is no minimum allocation to any asset class.

**Approved derivative transactions will be used for the purpose of efficient portfolio management (including hedging) and meeting the investment objective of the Fund.**

**Typically, options are used to manage equity risk and forward foreign exchange are used to manage currency risk. The use of derivatives is expected to be limited.**

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

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

### 3. **Target Benchmark**

The Consumer Price Index (CPI) plus 4% per annum has been selected as the Fund's target benchmark as the Fund aims to achieve a return (the money made or lost on an investment) that is 4% above the rate of inflation. The Consumer Price Index is used to measure the rate of inflation. Please refer to the Fund's investment objective for detail regarding how achievement of the target benchmark is measured, and over what time period.

### 4. **Investment Restrictions**

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

## C. **THE CHARACTERISTICS OF UNITS IN THE FUND**

### 1. **Classes of Units**

Several Classes of Unit may be issued in respect of the Fund. The Manager may make available within each Class income Units and accumulation Units.

The Unit Classes currently available are set out in Appendix A.

An income Unit is one in respect of which income is distributed periodically to Unitholders, in accordance with relevant tax law in respect of the Fund. An accumulation Unit is one in respect of which income is credited periodically to capital of the Fund but in accordance with relevant tax law without deduction or otherwise of some or any tax in respect of the Fund.

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

Holders of accumulation Units are not entitled to be paid the income attributable to such Units, 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 Unit.

Each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Fund will be adjusted accordingly in accordance with the terms of issue of Units of those Classes. Also, each Class may have its own investment minima or other features, such as (in the case of the second or further Class of Units in the

Fund) restricted access, at the discretion of the Manager. Details are set out in Appendix A.

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

## 2. **The characteristics of Units**

The Unit Classes currently available for purchase are set out in Appendix A.

The nature of the right represented by Units is that of a beneficial interest under a trust.

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

A meeting of Unitholders duly convened may by resolution require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the FCA Rules, but shall not have any other powers.

Unitholders will receive at least 14 days' written notice of any meeting of Unitholders, inclusive of the day on which the notice is first served and the day of the meeting, and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy or in the case of a body corporate by a duly authorised representative.

At any meeting of Unitholders, on a show of hands every holder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote. On a poll, every holder who is present in person or by proxy shall have one vote for every complete undivided Unit in the property of the Fund and a further part of one vote proportionate to any fraction of such an undivided Unit of which they are the holder. A holder 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.

To be passed as an extraordinary resolution, a resolution must be carried by a majority of not less than 75% of the votes cast at a meeting. Except where an extraordinary resolution is specifically required or permitted, any resolution of Unitholders will be passed by a simple majority of the votes validly cast.

The Manager is only entitled to be counted in a quorum and vote at a meeting (and any adjournment thereof) in respect of Units which they hold on or on behalf of or jointly with a person who, if the registered Unitholder would be entitled to vote and from whom they have received voting instructions. Associates of the Manager are entitled to be counted in the quorum but are only entitled to vote in respect of Units held by them on

behalf of or jointly with a person who if himself the registered Unitholder would be entitled to vote and from whom they have received voting instructions.

Where the Manager and its Associates hold all the Units and therefore every Unitholder is prohibited by the above provision from voting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee to the process, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units of the Fund in issue.

In the context of despatch of notice and voting, "**Unitholders**" and "**holders**" means the persons who were entered on the Register seven days before the notice of meeting was sent out but excluding persons who are known to the Manager not to be Unitholders at the time of the meeting. Where any Unit is a participating security a Unitholder means a person entered on the Register at the close of business on a day to be determined by the Manager which must not be more than 21 days before the notices of the meeting are sent out.

The above provisions, unless the context requires otherwise, apply to Class meetings as they apply to general meetings of the Fund, but by reference to the Units of the Class concerned and the holders and prices of such Units.

#### 4. **Changes to the Fund**

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

- (a) changes the purpose or nature of the Fund;
- (b) may materially prejudice a Unitholder;
- (c) alters the risk profile of the Fund; or
- (d) introduces a new type of payment out of the Scheme Property.

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

- (a) affects a Unitholder's ability to exercise their rights in relation to their investment;



- (b) would reasonably be expected to cause the Unitholder to reconsider their participation in the Fund;
- (c) results in any increased payments out of the Scheme Property to the Manager or an associate of the Manager; or
- (d) materially increase other types of payment out of the Scheme Property.

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

The Manager must inform Unitholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Fund. This is a change or event, other than a fundamental or significant change, which a Unitholder must be made aware of unless the Manager 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 Fund.

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

## 5. **Notices served on Unitholders**

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

- (a) delivered to the Unitholder's address as appearing in the Register; or
- (b) delivered by using an electronic medium in accordance with the following provisions of this paragraph.

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

- (a) is consistent with the Manager'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 Manager;
- (c) enables the recipient to know or record the time of receipt; and
- (d) is reasonable in the context.

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

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

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

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

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

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

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

Investors should be aware that some of the markets in which the Fund may invest are emerging markets which are undergoing a period of growth and change. Custodian practices are not as developed within emerging markets, which may lead to difficulties in the settlement and recording of transactions. The stock markets involved are smaller and more volatile than the securities markets in more developed countries and a large proportion of the market capitalisation and trading value on such stock exchanges may be represented by a small number of issuers. In the past, some of the exchanges have

experienced substantial price volatility and closure. There can be no assurance that such circumstances will not recur.

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

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

### 3. **Currency Exchange Rates**

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

### 4. **SDRT**

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

### 5. **Dilution levy**

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

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

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

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

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

By operating within its objective and approach, the Fund will assume any specific risks associated with any investment in another collective investment scheme (including any unregulated collective investment scheme). In addition there are certain risks of more general application associated with such investments. For example, it is possible that it may be difficult to value an investment in a particular collective investment scheme

made on behalf of the Fund, where the net asset value thereof is not easily ascertainable due to suspension. Moreover, a particular fund may have liquidity problems and thus the Fund may not be able to liquidate its holdings in a particular fund from time to time. The lack of liquidity of such collective investment schemes may also give rise to problems in providing an accurate or up-to-date valuation of the Units of the Fund. Furthermore there may be additional costs to an investor with this strategy arising out of the double charging incurred on the realisation of an investment due to the charges levied by both the Fund and the underlying funds in which it invests.

## 8. **Investment in Unregulated Collective Investment Schemes**

8.1 The Fund may, subject to the FCA Rules, invest in unregulated collective investment schemes. Such schemes are subject to less onerous regulatory supervision than regulated schemes, and therefore may be considered higher risk.

8.2 These unregulated schemes may include hedge funds which may be illiquid, i.e. difficult to sell, and may also borrow to meet their objectives. This borrowing is likely to lead to volatility in the value of the scheme, meaning that a relatively small movement either down or up in the value of the scheme's total assets will result in a magnified movement in the same direction of scheme's net asset value.

## 9. **Derivatives: general**

**The Investment Manager may employ derivatives for the purposes of meeting the investment objectives of the Fund. The use of derivatives in this manner may increase the risk profile of the Fund and may increase volatility in the Share price of the Fund.**

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

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

9.1 A transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified in paragraph 11 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered.

- 9.2 Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the FCA Rules relating to "Spread: general" and "Spread: government and public securities" except for index based derivatives where the rules below apply.
- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with calculating any limit in these requirements.
- 9.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 9.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
- 9.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 9.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.6 Where the Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7 and COLL 5.6.8, as set out in sections 6 (Spread: General) and 7 (Spread: Government and public securities).
10. **Permitted transactions (derivatives and forwards)**
- 10.1 A transaction in a derivative must be in an approved derivative; or be one which complies with the FCA Rules relating to "OTC transactions in derivatives".

- 10.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Fund is dedicated:
- 10.2.1 transferable securities;
  - 10.2.2 approved money-market instruments permitted under the FCA Rules;
  - 10.2.3 deposits permitted derivatives under this paragraph;
  - 10.2.4 collective investment scheme Units permitted under paragraph 10 (Investment in collective investment schemes);
  - 10.2.5 schemes replicating an index which satisfy the criteria set out in paragraph 9.6;
  - 10.2.6 interest rates;
  - 10.2.7 foreign exchange rates; and
  - 10.2.8 currencies.
- 10.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 10.4 A transaction in an Approved Derivative must not cause the Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 10.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, Units in collective investment schemes, or derivatives.
- 10.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 10.7 A derivative includes an investment which fulfils the following criteria:
- 10.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 10.7.2 it does not result in the delivery or the transfer of assets other than those referred to in the FCA Rules on "Investment Powers: general", including cash;

10.7.3 in the case of an OTC derivative, it complies with the requirements in the FCA Rules on “OTC transactions in derivatives” and

10.7.4 its risks are adequately captured by the risk management process of the Manager and by its internal control mechanisms in the case of risk asymmetry of information between the Manager and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

#### 11. **Fixed Interest Securities**

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

#### 12. **Early Redemption**

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

#### 13. **Counterparty Risk**

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

#### 14. **Other Risks**

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

#### 15. **Suspension of Dealings**

In certain circumstances the right to redeem Units may be suspended (see “Suspension” on page 32).

## 16. **Smaller Companies**

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

## 17. **Custody Risk**

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

## 18. **Infectious Diseases**

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

## **E. PRICING OF UNITS**

The Manager deals on a forward price basis, that is to say at the price for each Class of Unit in the Fund as at the next Valuation Point following the Manager's agreement to issue or redeem Units.

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



## 1. **Valuation of Property**

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

The property of a Fund is valued in accordance with the FCA Rules and the provisions of the Trust Deed, and as set out in Section 4 hereto. Where mid-market valuations are not available, assets will be valued on a fair value basis.

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

The Manager will, forthwith upon completing each valuation, notify the Trustee of the price of a Unit of each Class.

## 2. **Publication of Prices**

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

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

The cancellation price last notified to the Trustee is available from the Manager upon request.

## 3. **Income Equalisation**

When a Unit is issued to an incoming Unitholder, part of the purchase price will reflect the relevant share of accrued income of the Fund. The first allocation of income in respect of a Unit issued during an accounting period includes a capital sum by way of income equalisation. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of income Units issued or reissued in an accounting period by the number of those Units and applying the resulting average to each of the Units in question.

## 4. **Grouping for equalisation**

Due to the complexity of assessing equalisation, the Trust Deed for the Fund allows all the payments in respect of Units in the same Class for each allocation period to be

grouped together and for the refund to each holder of an equal amount in respect of each of these Units.

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

The annual accounting period of the Fund ends on 31 December in each year.

There is an interim accounting period which ends on 30 June and half-yearly consolidated accounts will be made up to such date each year.

Distributions of income for the Fund are made on or before the annual distribution date of 31 March and on or before the interim allocation date of 31 August each year. All distributions will be paid to Unitholders electronically to their bank.

Income is allocated to holders of the income Units at the end of each accounting period, including an interim accounting period, and is automatically paid to Unitholders unless a Unitholder elects in their application form or otherwise requests in writing, giving 30 days' notice prior to a distribution date, to receive all the income allocated to their Units by way of reinvestment to acquire further Units in the Fund. Note that where an election for re-investment of income is made the resulting new Units will be of the then current open Class in the Fund.

Holders of accumulation Units are not entitled to be paid the income attributable to such Units; the income is automatically transferred to (and retained as part of) the capital assets of the Fund on the relevant interim and annual accounting date. The price of the accumulation Units increases to reflect this.

The amount available for the Fund in any accounting period is calculated by taking the aggregate of the income received or receivable by the Fund in respect of that period, deducting the aggregate of the Manager's and Trustee's remuneration and other payments properly paid or payable from the Fund out of the income account in respect of that accounting period, and adding the Manager's best estimate of any relief from tax on that remuneration and those other payments. The Manager then makes such other adjustments as it considers appropriate (and after consulting the Auditors as appropriate) in relation to taxation, the proportion of the prices received or paid for Units that is related to income (taking into account any provision in the Trust Deed relating to income equalisation), potential income which is unlikely to be received until 12 months after the income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account, and other matters.

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

## **F. BUYING AND SELLING UNITS**

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

### **1. Buying**

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

Application Forms may be obtained on request from Thesis Unit Trust Management Limited at the dealing office of the Administrator. The contact details of the Administrator and the dealing office are set out in Appendix D.

Applications for Units may be made to the Manager between 9.00 a.m. and 5.00 p.m. on any Business Day, by sending a completed application form or clear written instructions to the Manager c/o the Administrator at the Administrator's dealing office, details of which are set out in Appendix D, or by obtaining an application form by telephoning the Manager's Customer Enquiry Line on 0333 300 0375.

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

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

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

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

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

in which event, the Manager will return any money sent for the purchase of Units which

are the subject of the application, at the risk of the applicant without interest.

*Issue of Units in exchange for in specie assets*

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

The Manager will not issue Units in the Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Fund.

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

Monies received by the Manager in the form of cheques or other remittances in respect of applications for Units which are not accepted or rejected by the following dealing day, are, pending acceptance or rejection, paid into a client money account maintained by the Manager with an Approved Bank. No interest is payable by the Managers on monies credited to this account.

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

## 2. **Selling**

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

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

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

Although legislation now permits the fund managers to accept renunciation of title to Units by the means of electronic communication, the Manager will not, at present, offer this facility. Should this situation change, Unitholders will be informed in writing.

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

#### *In specie redemptions*

If a Unitholder requests the redemption or cancellation of Units representing a value of more than 3% of the value of the Fund, the Manager may arrange that in lieu of payment of the price for the Units in cash, the Manager shall cancel the Units and transfer property of the Fund. The Manager must give written notice to the Unitholder concerned of its decision to exercise these powers before the cash payment would otherwise be due. The property of the Fund to be transferred (or sold) will be selected in consultation with the Trustee and with a view to achieving no more advantage or disadvantage to the Unitholder requesting redemption or cancellation of their Units than to the continuing Unitholders.

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

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

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

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

If it comes to the notice of the Manager that any Units are or may be owned or held legally or beneficially by a Non-Qualified Person ("**Affected Units**") the Manager may give notice to the registered holder of the Affected Units requiring the transfer of such

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

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

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

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

#### 4. **Conversion of Units**

The Trust Deed allows a Unitholder to give notice to the Manager in such form as the Manager may from time to time determine (“**an Exchange Notice**”) of their desire to exchange all or some of their Units of one Class (the “**Original Units**”) for Units of another Class (the “**New Units**”) in accordance with provisions of this Prospectus. Such exchange is generally permissible provided that following conversion, the Unitholder

seeking to convert satisfies the applicable minimum investment requirement of the Fund. Upon receipt by the Manager of an Exchange Notice, the Manager shall cancel or redeem the Original Units and issue or sell to the Unitholder such number of New Units as is arrived at according to the following formula.

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

Units cannot be converted during a period where the calculation of the net asset value of the Fund is suspended and the right of a Unitholder to convert during a period of suspension is similarly suspended.

#### 5. **Transfer of Units**

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

#### 6. **Dilution Levy**

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

The Manager reserves the right to charge a dilution levy of up to 2% of the value of the transaction on "large deals" i.e. if the value of any sale, redemption, issue or cancellation from a single Unitholder or a single intermediary (or a series of sales, redemptions, issues or cancellations from a single Unitholder or a single intermediary in respect of the same Valuation Point) in any Fund exceeds 5% of the value of the Scheme Property. As a guideline an indicative rate may be in the region of 0.25%, however this is only an estimate, as the actual calculation will be based on the composition of the underlying assets of the fund at the time the dilution is applied.

On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets, and consequently the future growth, of the Fund. As dilution is directly related to the inflows and outflows of monies from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Based on future projections, the Manager expects that the vast majority of sales and/or redemptions of Units will be 'large deals' and that dilution levy will be charged on the majority of deals.

The number of days on which a dilution levy has been applied between 1 January 2023 and 31 December 2023 is nil.

## 7. **Suspension**

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

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

The Manager must ensure that a notification of the suspension is made to Unitholders of the authorised fund as soon as practicable after suspension commences.

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

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

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

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



In addition, the FCA Rules may require the Manager to temporarily suspend the issue, cancellation, sale and redemption of Units in certain circumstances (for example, where the Fund is invested in other authorised funds which are themselves suspended).

## 8. **Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, the Manager is responsible for compliance with AML regulations. In order to implement these procedures, Unitholders will be asked to provide some proof of identity when buying or selling Units. The Manager may use an external agency to verify an investor's identity to comply with the UK AML. The Manager's verification procedures may include an electronic search of information held about you on the electoral roll and the use of credit reference agencies. If you complete an application form you are giving the Manager permission to ask for this information in line with the Data Protection Act 2018. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the Manager with your application.

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

## 9. **Client Money Rules**

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

- a) The Manager receives the money from a client in relation to the Manager's obligation to issue Units in the Fund in accordance with COLL; or
- b) The money is held in the course of redeeming Units, where the proceeds are paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in (a) or (b) above, the Manager 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 Trustee or the client as applicable.

In order to facilitate management of the Fund, the Manager makes use of the delivery versus payment exemption on the issue of Units in respect of money received other than in the form of cheques. Money received in other payment forms for the issue of Units is,

therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the Manager in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the Manager 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 Manager on monies credited to this account.

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

In certain circumstances, if the Manager has lost touch with an investor, the Manager will be permitted to pay the investor's client money balance to a registered charity after six years. The Manager 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 Manager at a later date irrespective of whether the Manager has paid the money to charity. This is subject to the rules in COLL, which require the Manager 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.

## 10. **Governing law**

All deals in Units are governed by the law of England and Wales.

By applying for Units, the Unitholder agrees to be bound by the Trust Deed and this Prospectus (as may be amended from time to time). The Fund, the Trust Deed and this Prospectus are governed by the laws of England and Wales. The Trust, the Manager and Unitholders 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 Unitholder's investment in the Fund or any related matter.

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

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

### 1. **Management Charges**

- (i) Preliminary Charge

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

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

(ii) Manager's Periodic Fee

The Manager is also entitled under the Trust Deed to receive out of the Scheme Property of the Fund, with effect from the Dealing Day on which Units of any Class are first allotted, a fee calculated and accrued daily, based on the value of the property of the Fund on the immediately preceding Valuation Point, at the annual percentage rate set out in Appendix A ("**Manager's Periodic Fee**"). The Manager's Periodic Fee is payable in Pounds Sterling in arrears on the first Business Day of each month (or if the date of termination of the Trust Deed is not on such a day, on that date).

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

(iii) Redemption Charge

The Manager may make a charge upon a redemption of Units (a "**Redemption Charge**"), but at present, there are no plans to impose such a charge. The Manager must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the Manager:

- (a) gave notice in writing of that introduction or change and of the date of its commencement, to the Depository and to all the persons who ought reasonably to be known to the Manager to have made an arrangement for the purchase of Units at regular intervals; and
- (b) has revised the Prospectus to reflect the introduction or change and the date of its commencement and has made the revised Prospectus available.

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

The Manager may waive or discount the Redemption Charge at its discretion.

## 2. **Administrator's Fees**

The fees of the Administrator are paid out of the property of the Fund. The fee is calculated by the net asset value of the fund calculated at each Valuation Point. The rate of the periodic fee is agreed between the Manager and the Administrator and is calculated on the following basis:

- 0.07% per annum on up to £50 million;
- 0.05% per annum on between £50 million - £100 million; and
- 0.03% per annum on over £100 million

The above is subject to a minimum fee of £25,000 per annum.

## 3. **Trustee's Fees and Expenses**

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

0.0275% per annum            on the first £50 million value of the property of the Fund

0.025% per annum    on the next £50 million value of the property of the Fund

0.02% per annum    on the next £100 million value of the property of the Fund

0.015% per annum    on the remainder.

These annual fees are subject to a current minimum of £7,500, applicable to the Fund. VAT at the standard rate is added to these fees.

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

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.

In addition to the periodic fee referred to above, the Trustee shall also be entitled to be

paid transaction charges and derivative and custody charges in relation to transaction and derivative transaction handling and safekeeping of the Scheme Property as follows:

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

The minimum annual custody charge is £7,500. 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 Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

Where relevant, the Trustee may make a charge for (or otherwise benefit from) providing its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock-lending or derivative transactions, in relation to the 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 FCA Rules.

The Trustee 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 Trust Deed, the Depositary Agreement, the FCA Rules or by the general law.

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

Any value added tax on any fees, charges or expenses payable to the Trustee 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 Manager or any associate or nominee of the Trustee or of the

Manager) who has had the relevant duty delegated to it pursuant to the FCA Rules by the Trustee.

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

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

- (i) any legal advice taken in relation to the Fund;
- (ii) broker's commission (excluding costs for research), fiscal charges and other disbursements (including VAT) which are:
  - (a) necessary to be incurred in effecting transactions for a Fund, and
  - (b) normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (iii) interest on borrowings permitted under the Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (iv) taxation and duties payable in respect of the property of the Fund, the Trust Deed or the issue of Units;
- (v) the costs of convening and holding meetings of holders;
- (vi) the costs of printing and distributing any documents required by the FCA Rules and any costs incurred as a result of periodic updates or changes to such documents and any other administrative expenses.;
- (vii) any costs incurred in publishing the prices of Units, including the costs of listing the prices of Units in publications and information services selected by the Manager, including the Financial Times;
- (viii) the audit fee properly payable to the Auditors (including VAT) and any proper expenses of the Auditor;
- (ix) the fees properly payable to a standing independent valuer (including VAT) and any proper expenses of the valuer;
- (x) to the extent permitted by the FCA Rules costs: incurred in buying or selling any immovable property; in connection with buying-in a leasehold interest; restructuring leasehold interests of the Fund; project funding; and payments to property consultants in respect of any property of the Fund; in connection with letting any leasehold interest; reviewing rents payable; renewing leases; action taken as a result of tenant's breach of covenant or eviction of squatters; issuing notices to tenants; work undertaken by property consultants; work undertaken by building surveyors; insurance of immovable property;
- (xi) any payment permitted by the FCA Rules on "payment of liabilities on transfer of

assets”;

- (xii) the fees of the Registrar;
- (xiii) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (xiv) the fees of the FCA under Schedule 1 Part III of the Act (or the corresponding fees of any regulatory authority in a country or territory outside of the UK in which Units are or may be lawfully marketed);
- (xv) any costs incurred in producing and despatching dividends or other payments of the fund; and
- (xvi) any VAT payable in connection with any of the above.

## 5. **Allocation of Payments**

The Manager and the Trustee have agreed that the expenses of the Fund will be charged to income (except those charges and expenses relating directly to the purchase and sale of investments). If the Fund’s expenses in any period exceed its income the Manager may take that excess from the capital property attributable to that Fund.

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

## H. **WINDING UP OF THE FUND**

### 1. **Circumstances where winding up of the Fund may occur**

The Fund shall not be wound up except under the FCA Rules.

- (a) Where the Fund is to be wound up under the FCA Rules, such winding up may only be commenced following approval by the FCA. The Trustee shall proceed to wind up the Fund:
  - (i) if the authorisation order of the Fund is revoked;
  - (ii) if required alterations have been made to the Trust Deed and Prospectus in connection with the termination of the Fund in accordance with section 251 of the Act;
  - (iii) on the passing of an extraordinary resolution winding up the Fund, provided the FCA’s prior consent to the resolution has been obtained by the Manager or Trustee;
  - (iv) if the Manager or the Trustee requests the FCA to revoke the authorisation order and the FCA has agreed (provided no material change in any

relevant factor occurs) that on the conclusion of the winding up of the Fund, the FCA will agree to that request;

- (v) if the period (if any) fixed for the duration of the Fund by the Trust Deed has expired and at the end of which the Fund is to be wound up;
  - (vi) on the effective date of a duly approved scheme of arrangement which is to result in the Fund being left with no property.
- (b) If any of the events set out in (a) above occurs, the FCA Rules on “Dealing”, “Valuation and Pricing” and “Investment and Borrowing Powers” will cease to apply, the Trustee shall cease the issue and cancellation of Units, and the Manager will stop buying, selling and arranging the issue or cancellation of Units in respect of the Fund.

## 2. **Manner of winding up**

In the case of a scheme of arrangement, the Trustee shall wind up the Fund in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the Fund falls to be wound-up, realise the assets of the property of the Fund and, after paying out or retaining provision for all liabilities properly payable and for the costs of the winding up or termination, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings in the Fund.

Where the Trustee and one or more Unitholders agree, the requirement to realise the property of the Fund does not apply to that part of the property proportionate to the entitlement of that or those Unitholders.

The Trustee may distribute the part of the property of the Fund referred to above in the form of property, after making adjustments or retaining provisions as appears appropriate to the Trustee for ensuring that, that or those Unitholders bear a proportional share of the liabilities and costs.

Any unclaimed net proceeds or other cash held by the Trustee after twelve months from the date the proceeds become payable, shall be paid by the Trustee into court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the order of authorisation.



## **I. OTHER INFORMATION**

### **1. Reports**

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

### **2. Prospectus and Trust Deed**

Copies of the most recent Prospectus and Trust Deed (including any supplemental Trust Deeds of the Fund) may be obtained free of charge from, or inspected at, the Manager's registered office, which is set out in Appendix D. The Manager should be contacted during normal business hours.

### **3. Telephone calls**

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

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

### **4. Taxation**

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

#### Taxation of the Fund

The Fund is an AUT and is treated as an Authorised Investment Fund for tax purposes. Income of the Fund is deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

The 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**

The Fund is liable to corporation tax on its income after relief for management expenses (which include fees payable to the Fund Manager and to the Trustee) at the basic rate of income tax. The rate of corporation tax applicable to the 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 income distributions.

Dividend income received by the 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 the 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 the Fund on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that the 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 Units in an AUT (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 Units in an AUT. However, investors may be subject to an SDRT charge where Units in the Fund are surrendered and the investors receive assets from the Fund (rather than cash) which are not in proportion to the investor's share of the total assets held by the Fund.

## Taxation of Unitholders

### **(a) Income**

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

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

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

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

### **(b) Interest Distributions**

#### UK resident individuals

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

No income tax has been required to be deducted at source from interest distributions with the result that Unitholders 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, the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).

### UK corporate Unitholders

If, at any point in an accounting period of a UK corporate unitholder, the Fund fails to satisfy the “qualifying investment” test, Units held in the Fund by the UK corporate Unitholders are treated as if the Units 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 Unitholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Units (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Units).

The 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 Unitholders may be paid without deduction of income tax at source.

### **(c) Dividend Distributions**

Dividend distributions paid by the Fund are treated as if they are dividends and are paid with a 10% tax credit, equivalent to 10% aggregate of the distribution and the tax credit (i.e. one ninth of the amount distributed).

### 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 Unitholders

UK resident corporate Unitholders 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 any UK

corporate Unitholder although the franked dividend portion should fall within an exemption from corporation tax.

**(d) Chargeable Gains**

UK resident individuals

Unitholders 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 Units in the Fund. 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 Unitholders

UK corporate Unitholders (whose Units 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 Manager reserves the right to redeem the Units of any Unitholder who jeopardises the tax status of the Fund.**

**(a) Income equalisation – tax implications**

The price of a Unit of a particular Class is based on the value of that Unit Class' entitlement in the Fund, including the income of the Fund since the previous distribution or, in the case of Accumulation Units, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Unit, 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 Unitholder. This amount is, however, in the case of Income Units, deducted from the cost of the Unit in computing any capital gains. Equalisation applies only to Units purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Units of the relevant Unit Class issued during the period.

**(b) UK information reporting regime**

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

**(c) Tax Elected Fund (“TEF”) regime**

The Manager may, in the future, seek to elect some or all of the Fund into the TEF regime if it considers that it would be advantageous for the majority of investors in the Fund to do so. If the 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.

**(d) International Tax Compliance**

The Fund 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 Fund must collect information about each unitholder’s tax residence and, in certain circumstances, provide information about unitholders’ holdings in Units to HMRC. HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

**Unitholders should note that:**

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

If a Unitholder fails to provide the information required by the Fund to comply with its obligations to HMRC this may result in the Manager taking appropriate action against the Unitholder, including invoking the compulsory transfer and redemption provisions set out in this Prospectus. The Unitholder may also be liable for any penalties suffered

by the Manager. The Manager may deduct the amount of any penalty from the Unitholder's account.

## 5. Risk Profile Management

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

The Manager operates a liquidity risk management policy with a view to ensuring that Unitholders are able to realise their Units 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.

Liquidity risk is the risk that the Fund 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 Fund'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 Fund has sufficient capacity to meet obligations arising from any derivative positions.

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.

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

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

- (i) set a maximum level of leveraging which it may employ on behalf of the Fund; and
- (ii) 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.

For the Fund, the Manager has set the following limits:

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

\*Under the gross method, the exposure of the 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 the 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 the Fund expressed as a ratio of the 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 the 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 Fund is calculated;
  4. derivative instruments used for currency hedging purposes are excluded.
- The maximum level of leverage for the Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value current ratio under the commitment method is: **2:1**.

### **Use of Leverage**

**The Fund may use options, forwards and other derivative instruments for investment purposes or for the purpose of hedging against either price or currency fluctuations. The Manager'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 Fund; (ii) the absence of a liquid market for any particular instrument at any particular time; and (iii) possible impediments to the ability to meet redemption requests or other short-term obligations because of the percentage of the Fund's assets segregated to cover its obligations. Hedging strategies necessarily add costs to the Fund.**

### **7. Fair Treatment of Investors**

- (a) The Manager ensures fair treatment of investors by its compliance with the applicable rules in COLL and FUND and with the rules contained in the FCA Handbook.
- (b) The Manager is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Unitholders. The Manager 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.
- (c) The Manager and the Investment Manager may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Unit Classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the Manager or the Investment Manager. If such rights are granted, this would typically be to investors who invest significant amounts in the Fund. Such investors would not typically be legally or

economically linked to the Manager.

- (d) Any Unitholder may be granted preferential treatment in relation to the terms of its investment in the Fund by the Manager, the Investment Manager and/or any other service provider to the Fund.
- (e) The Manager and/or the Investment Manager may enter into side letters and/or other arrangements ("**Side Arrangements**") with Unitholders, including those deemed to involve a significant or strategic relationship, that will result in the terms of an investment in the Fund being different to the terms applicable to other Unitholders and/or provide the following preferential treatment:

(i) Disclosure/Reporting:

notification of (A) certain 'key man' events and/or (B) certain changes to the organisation of the Fund and/or (C) the issue of Units 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 Fund and/or its service providers (including, but not limited to, the Investment Manager) or the relevant Unitholder's investment in the Fund;

notification if holdings in the Fund by the relevant Unitholder exceed specific levels; and/or

the provision of certain limited information relating to the Investment Manager and/or to the Fund's assets, including in order to allow the relevant Unitholder to comply with the laws and regulations to which it is subject.

(ii) Investor Liquidity terms:

ensure that redemptions of Units 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 permit transferability of Units where there is no change of beneficial ownership.

(iii) Fees:

rebate some or all of the periodic charge payable in respect of the relevant Unitholder's Units.

## (f) Side Arrangements:

- (i) The Manager's Risk Management Policy deals with Side Arrangements.

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 Manager will give consideration as to whether the nature and scope of the provisions are consistent with treating all investors fairly.

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.

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

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

## 9. **Complaints**

Unitholders who have a complaint about the operation of the Fund should in the first instance contact the Manager. If a complaint cannot be resolved satisfactorily with the Manager, it may be referred to the Financial Services Ombudsman at Exchange Tower, London E14 9SR,

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

## 10. **Future disclosures**

The following information will be made available to Unitholders as part of the Fund's annual report:

- (a) the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangement for managing the liquidity of the Fund;

- (c) the current risk profile of the Fund and the risk management systems employed by the Manager to manage those risks; and
- (cd) the total amount of leverage employed by the Fund, as applicable.

Unitholders will also be provided with information regarding changes to:

- (a) the maximum level of leverage that the Manager may employ on behalf of the Fund; or
- (b) any rights of re-use of collateral under the Fund's leveraging arrangements; or
- (c) any guarantee granted under the Fund's leveraging arrangements.

This information will be made available to Unitholders, 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 Unitholders.

#### 11. **Non-accountability for profits**

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

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

**SECTION 2 – OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER**

**Authorised Contractual Schemes**

TM Brunel Pension Partnership ACS

**Authorised Investment Companies with Variable Capital**

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  
 The Penare Fund  
 The Saint Martins Fund  
 The Staderas Fund  
 The Stratford Fund  
 The Sun Portfolio Fund  
 The TBL Fund  
 The TM Lancewood Fund  
 The TM Mitcham Fund  
 The Torridon Growth Fund  
 The Vinings Fund  
 The Wharton Fund

**Authorised Unit Trusts**

BPM Trust  
 Eden Investment Fund  
 Elfyinn 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 Darin Fund  
 The Delta Growth Fund  
 The Deribee Funds  
 The Eldon Fund  
 The Hall Fund  
 The HoundStar Fund  
 The Iceberg Trust  
 The Maiden Fund  
 The Millau Fund  
 The Norfolk Trust  
 The Notts Trust  
 The Palfrey Fund  
 The TM Stockwell Fund  
 The White Hill Fund  
 Thesis Headway Fund  
 Thesis Lion Growth Fund  
 Thesis PM A Fund  
 Thesis PM B Fund  
 Thesis Thameside Managed Fund  
 The TUTMAN B&CE Contracted-out Pension Scheme  
 TM Balanced Fund  
 TM Chainpoint Fund  
 TM Growth Fund  
 TM Hearthstone UK Residential Feeder Fund  
 TM Managed Fund

**Authorised Contractual Schemes****Authorised Investment Companies with Variable Capital**

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 First Arrow Investment Funds  
 TM Hearthstone ICVC  
 TM Investment Exposures Fund  
 TM Investment Funds  
 TM Lime Fund  
 TM Natixis Investment Funds U.K. ICVC  
 TM 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  
 TM UBS (UK) Fund  
 TM Veritas Investment ICVC  
 Trowbridge Investment Funds

**Authorised Unit Trusts**

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

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

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

#### **1. General rules of investment**

- 1.1 The Scheme Property will be invested with the aim of achieving the investment objective of the Fund but subject to the limits set out in Fund's investment policy and the limits set out in the investment and borrowing powers in the FCA Handbook and this Prospectus.
- 1.2 Normally the Fund will be fully invested save for an amount to enable redemption of Units, efficient management of the Fund in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objective of the Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively, although in certain circumstances this percentage may be more substantial and could, exceptionally, be as much as 100%.

#### **2. Prudent spread of risk**

- 2.1 The Manager must ensure that, taking account of the investment objectives and policy of the Fund, the Scheme Property aims to provide a prudent spread of risk.

#### **3. Transferable Securities**

- 3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments

creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

#### 4. **Non-UCITS Retail schemes – general**

- 4.1 The Scheme Property must, except where otherwise provided in the FCA Rules, only consist of any or all of:

- transferable securities;
- money-market instruments;
- permitted deposits;
- permitted Units in collective investment schemes;
- permitted derivatives and forward transactions;
- permitted immovables; and
- gold up to a limit of 10% in value of the Scheme Property.

- 4.2 Transferable securities and money-market instruments held within the Fund must (subject to paragraph 4.3) be admitted to or dealt in on an eligible market as described below, or be recently issued or be approved money-market instruments not admitted to or dealt in on an eligible market and which satisfy the requirements of the FCA Rules.

4.2.1 Not more than 20% in value of the Scheme Property is to consist of transferable securities, which are not approved securities; or

4.2.2 Not more than 20% in value of the Scheme Property is to consist of money-market instruments not covered by paragraph 5.2 provided that they must be liquid and have a value which can be determined accurately at any time.

- 4.3 The requirements on spread and investment in government and public securities do not apply during any period during which it is not reasonable to comply provided that the requirement to maintain prudent spread of risk is complied with.



## 5. **Eligible markets regime: purpose**

- 5.1 To protect investors the markets on which investments of the Fund are dealt in or traded on should be of an adequate quality ("**eligible**") at the time of acquisition of the investment and until it is sold.
- 5.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 5.3 A market is eligible for the purposes of the FCA Rules if it is:
- 5.3.1 a regulated market; or
  - 5.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.
- 5.4 A market not falling within paragraph 5.3 is eligible for the purposes of the FCA Rules if:
- 5.4.1 the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 5.4.2 the market is included in a list in the Prospectus; and
  - 5.4.3 the Trustee has taken reasonable care to determine that:
    - (a) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (b) all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 5.5 In paragraph 5.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

The eligible markets for the Fund are set out below at Section 5.

## 6. **Spread: general**

- 6.1 This paragraph 6 does not apply to transferable securities and approved money-market instruments to which paragraph 7 below applies.
- 6.2 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 6.3 Not more than 10% in value of the Scheme Property is to consist of transferable securities or money-market instruments issued by any single body.
- 6.4 The limit of 10% in 6.3 may be raised to 25% in respect of covered bonds.
- 6.5 In applying paragraph 6.3 certificates representing certain securities are treated as equivalent to the underlying security.
- 6.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.
- 6.7 For the purposes of this paragraph 6, a single body is:
  - 6.7.1 in relation to transferable securities and money-market instruments, the person by whom they are issued; and
  - 6.7.2 in relation to deposits, the person with whom they are placed.

## 7. **Spread: Government and public securities**

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

7.3 Up to 100% of the Scheme Property may be invested in such securities issued or guaranteed by or on behalf of the issuers set out in Part C of Section 5.

7.4 The Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one issuer, provided that:

7.4.1 the Manager has before any such investment is made, consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;

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

7.4.3 the Scheme Property includes at least six different issues whether of that issuer or another issuer.

The Governments and public securities issuers are listed in part C of Section 5.

7.5 In relation to such securities:

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

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

7.6 Notwithstanding paragraph 6.1 and subject to paragraphs 6.2 and 6.7, in applying the 20% limit in paragraph 6.2 with respect to a single body, such securities issued by that body shall be taken into account.

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

Not more than 35% in value of the Scheme Property is to consist of Units of any one collective investment scheme; or the Fund may invest in Units in a collective investment scheme ("**second scheme**") provided that the investment is permitted under paragraphs 8.1 to 8.6:

8.1 The second scheme is a scheme which:

8.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the rules applicable to UK UCITS or the UCITS Directive in the case of an EEA UCITS Scheme; or

8.1.2 is a Non-UCITS retail scheme; or

8.1.3 is recognised under the provisions of section 272 of the Act ; or

8.1.4 is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS retail scheme; or

8.1.5 is a scheme not falling within paragraphs 8.1.1 to 8.1.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested;

- 8.2 The second scheme operates on the principle of the prudent spread of risk;
- 8.3 The second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of Units in collective investment schemes;
- 8.4 The participants in the second scheme must be entitled to have their Units redeemed in accordance with the scheme at a price related to the net value of the property to which the Units relate and determined in accordance with the scheme; and
- 8.5 The FCA Rules on "Investment in other group schemes" is complied with i.e. the Fund may only invest in other group schemes (other collective investment schemes which are managed and operated by the Manager or an Associate of the Manager) provided there is no double charging of the preliminary charge.
- 8.6 Where the second scheme is an umbrella the provisions in paragraphs 8.2 to 8.4 and COLL 5.6.7R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 8.7 Any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made in accordance with COLL 6.3.8R (Dilution) is to be treated as part of the price of the units and not as part of any charge.

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

- 10.1 The Fund must not invest in nil and partly paid securities unless the investment complies with the conditions set out in the FCA Rules on "Investment in nil and partly paid securities".

## 11. **Investment in money-market instruments**

The Fund may invest in money-market instruments which are normally dealt in on the money-market, are liquid and whose value can be accurately determined at any time, provided:

- 11.1 the money-market instrument is listed on or normally dealt on an eligible market; or
- 11.2. Be recently issued transferable securities the terms of which include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue.; or
- 11.3 be approved money-market instruments not admitted to or dealt in on an eligible market provided the issue or the issuer is regulated for the purpose of protecting investors and savings; and the instrument is issued or guaranteed by any one of:

A central authority of the UK or an EEA State or, if the EEA State is a federal state, one of the members making up the federation; a regional or local authority of an EEA State; the Bank of England, the European Central Bank or a central bank of an EEA State; the European Union or the European Investment Bank; a non-EEA State or, in the case of a federal state, one of the members making up the federation; a public international body to which the UK or one or more EEA States belong or, issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment which is subject to prudential supervision in accordance with criteria defined by UK or European Union law or subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Union law.

## 12. **Derivatives**

- 12.1 Under the FCA Rules derivatives are permitted for Non-UCITS retail schemes (such as the Fund) for investment purposes and derivative transactions may be used for the purposes of efficient portfolio management (including hedging) or meeting the investment objectives or both. In pursuing the Fund's investment objective the Manager may make use of a variety of instruments in accordance with the FCA Rules. **The use of derivatives in this manner may increase the risk profile of the Fund and may increase volatility in the Unit price of the Fund.**
- 12.2 The Net Asset Value of the Fund may have high volatility due to these instruments and techniques being included in the Scheme Property, and due to the management techniques used.

12.3 Except as set out below there is no upper limit on the number of transactions executed in derivatives or forward transactions.

12.4 A transaction in a derivative or forward contract must:

- (A) be in an approved derivative; or
- (B) be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Rules, must be on approved terms as to valuation and close out and must be capable of valuation; and
- (C) have the underlying consisting of any or all of the following to which the Fund is dedicated:
  - (1) transferable securities;
  - (2) permitted money-market instruments;
  - (3) permitted deposits;
  - (4) permitted derivatives;
  - (5) permitted collective investment scheme Units or shares;
  - (6) financial indices;
  - (7) interest rates;
  - (8) foreign exchange rates;
  - (9) currencies; and
- (D) not cause the Fund to diverge from its investment objective, 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 or shares in collective investment schemes, or derivatives and (if a forward transaction) must be with an approved counterparty.

12.5 Use of derivatives must be supported by a risk management process maintained by the Manager which should take account of the investment objective and policy of the Fund.

- 12.6 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the Fund is or may be committed by another person is covered under (A).
- (A) Exposure is covered if adequate cover from within the Scheme Property 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.
  - (B) Cash not yet received into the Scheme Property, but due to be received within one month, is available as cover for the purposes of (A).
  - (C) Property the subject of a stock-lending transaction is only available for cover if the Manger 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.
  - (D) The exposure relating to derivatives held in the Fund may not exceed the net value of the Scheme Property of the Fund.

### 13. **Cover**

- 13.1 Where the FCA Rules permit an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
- (A) it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover;
  - (B) no element of cover must be used more than once; and
  - (C) the property and rights required to settle the obligation are owned by the Fund.
- 13.2 Where physical settlement is applicable to a derivative transaction, and the underlying asset of the transaction is highly liquid;
- (A) the Fund may substitute that underlying asset with another comparable asset;  
or

(B) the Fund may substitute that underlying asset with a liquid debt instrument or other highly liquid asset, provided these substitute assets are already owned by the Fund.

13.3 For the purposes of paragraph 12.2, an asset may be considered as highly liquid where the instrument can be converted into cash in no more than seven Business Days at a price which is close to the current valuation of the asset.

#### 14. **Investment in deposits**

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

#### 15. **Immovables**

15.1 The Fund may have an interest in immovable property or movable property for the direct pursuit of the Fund business. Any investment in land or a building must not be retained in the Scheme Property unless:

15.1.1 it is situated in a country or territory identified in this Prospectus;

15.1.2 it is a freehold or leasehold interest of property situate in England, Wales or Northern Ireland or any interest estate in or over land or heritable right including a long lease of property situated in Scotland or any equivalent interest for such land or buildings not situate in England, Wales, Northern Ireland or Scotland.

15.2 The Manager must ensure that title to the land or building is a good and marketable title.

15.3 The Manager must organise a valuation report in accordance with FCA Rules 5.

15.4 It is not currently intended that the Fund will invest in immovables.

#### 16. **Cash and near cash**

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

16.1.1 the pursuit of the Fund's investment objectives; or

16.1.2 redemption of Units; or



16.1.3 efficient management of the Fund in accordance with its investment objectives; or

16.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

## 17. **Schemes replicating an index**

17.1 The Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the aim of the investment policy of the Fund is to replicate the performance or composition of an index in accordance with the FCA Rules. This limit may be raised to 35% in value of the Scheme Property but only in respect of one body and where justified by exceptional market conditions.

## 18. **General power to borrow**

18.1 The Fund may, in accordance with this paragraph, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund.

18.2 The Fund may borrow under paragraph 17.1 only from an eligible institution or an approved bank.

18.3 The Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 17.1 and 17.2.

18.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.

## 19. **Borrowing limits**

19.1 The Manager must ensure that the Fund's borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property of the Fund.

19.2 This limit does not apply to "back to back" borrowing.

19.3 Borrowing does not include any arrangement for the Fund to pay to a third party (including the Manager) any costs which the Fund is entitled to amortise and which were paid on behalf of the Fund by the third party.

## 20. **Restrictions on lending of money**

- 20.1 None of the money in the Scheme Property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person ("**the payee**") on the basis that it should be repaid, whether or not by the payee.
- 20.2 Acquiring a debenture is not lending for the purposes of paragraph 19.1 nor is the placing of money on deposit or in a current account.
- 20.3 Paragraph 19.1 does not prevent the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform their duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

## 21. **Restrictions on lending of property other than money**

- 21.1 The Scheme Property other than money must not be lent by way of deposit or otherwise.
- 21.2 Transactions permitted by paragraph 24 are not lending for the purposes of paragraph 20.1.

## 22. **General power to accept or underwrite placings**

- 22.1 Any power in the FCA Rules to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Trust Deed.
- 22.2 This section applies, subject to paragraph 21.3, to any agreement or understanding:
- 22.2.1 which is an underwriting or sub-underwriting agreement; or
  - 22.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.
- 22.3 Paragraph 21.2 does not apply to:
- 22.3.1 an option; or
  - 22.3.2 a purchase of a transferable security which confers a right:
    - (a) to subscribe for or acquire a transferable security; or
    - (b) to convert one transferable security into another.

22.3.3 The exposure of the Fund to agreements and understandings within paragraph 21.2 must, on any Business Day:

- (a) be covered in accordance with the requirements of the FCA Rules; and
- (b) be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the FCA Rules.

## 23. **Guarantees and indemnities**

23.1 The Fund or the Trustee for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

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

23.3 Paragraphs 22.1 and 22.2 do not apply to:

23.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA Rules.

23.3.2 an indemnity (other than any provision in it which is void under the FCA Rules) given to the Trustee against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

23.3.3 an indemnity given to a person winding up a fund if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the fund and the holders of Units in that fund become the first Unitholders in the fund.

## 24. **Efficient portfolio management**

24.1 The Fund may also utilise the Scheme Property to enter into transactions for the purposes of efficient portfolio management. There is no limit on the amount or value of the Scheme Property which may be used for the purposes of efficient portfolio management but the Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price

of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a level of risk which is consistent with the risk profile of the Fund and the FCA Rules. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise (see below).

24.2 Permitted transactions are those that the Fund reasonably regards as economically appropriate, that is:

- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the Manager reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- (b) Transactions for the generation of additional capital growth or income for the Fund by taking advantage of gains which the Manager reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
  - (i) pricing imperfections in the market as regards the property which the Fund holds or may hold; or
  - (ii) receiving a premium for the writing of a covered call option or a covered put option on property of the Fund which the Fund is willing to buy or sell at the exercise price, or
- (c) Stock-lending arrangements.

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

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

24.5 Eligible derivatives markets are those which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the

property with regard to the relevant criteria set out in the FCA Rules and the formal guidance on eligible markets issued by the FCA as amended from time to time. The eligible derivatives markets for the Fund are set out in Section 5 below.

- 24.6 Transactions may be effected in which the Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Fund. Where a conflict cannot be avoided, the Manager will have regard to its fiduciary responsibility to act in the best interests of the Fund and its investors. The Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed.
- 24.7 Operational costs and fees arising from efficient portfolio management techniques and/or the use of derivatives are paid for by the Fund. The identity of the entities to which operational costs and fees are paid will be disclosed in the annual report.

## 25. **Cover**

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

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

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

## 26. **Stock-lending**

- 26.1 The entry into stock lending transactions or repo contracts for the account of the Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.
- 26.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described

in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

- 26.3 The stock lending permitted by this section may be exercised by the Fund when it reasonably appears to it to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.
- 26.4 The Trustee at the request of the Manager may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Fund, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.
- 26.5 The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 26.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the FCA Handbook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.
- 26.7 There is no limit on the value of the Scheme Property which may be the subject of stock lending transactions.
- 26.8 The Manager shall maintain a collateral management policy in accordance with applicable rules and regulations.

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

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

1. All the property of the Fund (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraph 3, 4 and 5 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - 2.1 Units or shares in a collective investment scheme:
    - (E) if a single price for buying and selling Units or shares is quoted, at that price; or
    - (F) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (G) if, in the opinion of the Manager the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - 2.2 any other transferable security:
    - (A) if a single price for buying and selling the security is quoted, at that price; or
    - (B) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (C) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - 2.3 property other than that described in paragraphs 2.1 and 2.2 above:

at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
3. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

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



12. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
13. Add any other credits or amounts due to be paid into the property of the Fund.
14. Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to Unitholders or potential Unitholders.
15. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
16. The Manager 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 Manager's best estimate of the value of such property, value the Scheme Property of the Fund or any part of the Scheme Property at a price which, in its opinion, reflects a fair and reasonable price for that property in accordance with any policy for fair value pricing set out in the Prospectus.
17. Notwithstanding the foregoing, the Manager may, at its absolute discretion, use other generally recognised valuation principles in order to reach a proper valuation of the Net Asset Value of the Fund, in the event that it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above or it considers such principles better reflect the valuation of a security, interest or position and are in accordance with generally accepted accounting principles.
18. If a Class's expenses in any period exceed its income the Manager may take that excess from the capital property attributable to that Class.
19. Where the Manager has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the Manager's best estimate of the value of the relevant investment at the relevant Valuation Point or no price or no recent price exists, the Manager may use a price which, in the opinion of the Manager, reflects a fair and reasonable price for that investment (the fair value price). In calculating any value, the Manager 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 Manager 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 Manager's policy on the valuation of Scheme Property as disclosed in the Prospectus.

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

A market is an eligible market if it is:

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

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

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

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

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

## **B. ELIGIBLE DERIVATIVES MARKETS**

Australia	-	Australian Securities Exchange (ASX)
Canada	-	Montreal Exchange
Denmark	-	NASDAQ OMX Nordic
Europe	-	Eurex

	-	Euronext
(LIFFE)	-	London International Financial Futures and Options Exchange
	-	London Securities & Derivatives Exchange Ltd (OMLX)
Finland	-	NASDAQ OMX (Nordic)
France	-	Euronext Paris
Hong Kong	-	Hong Kong Stock Exchange
Japan	-	Osaka Securities Exchange
	-	Tokyo Stock Exchange
Singapore	-	Singapore Exchange (SGX)
South Africa	-	South African Futures Exchange (SAFEX)
Spain	-	BME, Spanish Exchanges
Sweden	-	NASDAQ OMX Stockholm
US	-	NYSE Alternext US
	-	NASDAQ OMX Futures
	-	NYSE Euronext
	-	NASDAQ OMX PHL

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

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

- (1) The government of the United Kingdom of Great Britain and Northern Ireland; or
- (2) The Scottish Administration; or
- (3) The Executive Committee of the Northern Ireland Assembly; or
- (4) The National Assembly of Wales; or

- (5) The government of any of the following countries or territories outside the UK:
- (a) Austria;
  - (b) Belgium;
  - (c) Bulgaria;
  - (d) the Czech Republic;
  - (e) Denmark;
  - (f) Estonia;
  - (g) Finland;
  - (h) France;
  - (i) Germany;
  - (j) Greece;
  - (k) Hungary;
  - (l) Iceland;
  - (m) Ireland;
  - (n) Italy;
  - (o) Latvia;
  - (p) Liechtenstein;
  - (q) Luxembourg;
  - (r) the Netherlands;
  - (s) Norway;
  - (t) Poland;
  - (u) Portugal;
  - (v) Romania;
  - (w) the Slovak Republic;
  - (x) Slovenia;
  - (y) Spain;
  - (z) Sweden; or
- (6) Australia, Canada, Japan, New Zealand, Switzerland and the United States of America; or

- (7) One of the following international organisations: Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), LCR Finance plc, and the Nordic Investment Bank (NIB).

**APPENDIX A – SHARE CLASSES AND CHARACTERISTICS**

<b>Launched</b>	18 January 2023
<b>Class of Units</b>	Class A (Accumulation & Income Units)
<b>Restriction</b>	No restriction
<b>Preliminary charge as a percentage of the issue price:</b>	3%
<b>Redemption Charge (if applicable):</b>	0%
<b>Manager's Periodic Fee:</b>	Up to 1% (currently 0.92%)
<b>Investment minima</b>	
<b>Initial Investment:</b>	£250,000
<b>Minimum Holding</b>	£250,000
<b>Ongoing top-up</b>	£10,000
<b>Redemptions</b>	No minimum

**Securities Financing Transactions Regulation disclosure**

The Manager is subject to the provisions of the Securities Financing Transactions Regulation.

As at the date of this Prospectus, the Fund does not use SFTs or TRS. However, the Manager reserves the right to permit the Fund to use such instruments in the future.

Additional detail on the Securities Financing Transactions Regulation and the use of SFTs and TRS is given in and set out in Appendix C.



## APPENDIX B – PAST PERFORMANCE

The performance table shows the total annual return for Class A Income Units & Class A Accumulation Units over a five year period up to 31 December in each year listed. Where data is not yet available, the table is marked "N/A".

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

<b>Unit Class</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	(%)	(%)	(%)	(%)	(%)
Class A Income Units	N/A	N/A	N/A	N/A	N/A
Class A Accumulation Units	N/A	N/A	N/A	N/A	N/A

*Source of performance data - Morningstar.*

<b>Target Benchmark</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	(%)	(%)	(%)	(%)	(%)
UK Consumer Prices Index (CPI) plus 4%	N/A	N/A	N/A	N/A	8.12

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

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

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

**APPENDIX C – SECURITIES FINANCING TRANSACTIONS AND TOTAL RETURN SWAPS**

1. The Manager is required by the UK SFTR to make certain disclosures in respect of the SFTs and Total Return Swaps that the Fund is authorised to use.
2. As at the date of this Prospectus, whilst the Fund may use SFTs and Total Return Swaps, they currently do not do so. However, the Manager reserves the right to permit the use of such instruments in the future.
3. Where the Manager intends to allow the Fund to enter into SFTs or Total Return Swaps, not less than 60 days' written notice will be given to Unitholders. In addition, this Prospectus will be updated in accordance with the UK SFTR to include the following:
  - 3.1 a general description of the Total Return Swaps used and the rationale for their use;
  - 3.2 overall data for each type of Total Return Swap, including:
    - 3.2.1 the types of assets that can be subject to Total Return Swaps;
    - 3.2.2 the maximum and expected proportion of assets under management that will be subject to each type of Total Return Swap;
  - 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;
  - 3.6 a description of the risks linked to the 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 Total Return Swaps and collateral is received and safe-kept;
  - 3.8 a specification of any restrictions on re-use of collateral; and
  - 3.9 a description of the policy on sharing of return generated by the Total Return Swaps.

**APPENDIX D - DIRECTORY OF CONTACT DETAILS**

<b>Manager</b>	Thesis Unit Trust Management Limited Exchange Building, St John's Street, Chichester PO19 1UP
<b>Administrator, Registrar and Fund Accountant</b>	Northern Trust Global Services SE, UK branch 50 Bank Street, Canary Wharf, London E14 5NT
<b>Dealing office:</b>	Thesis Unit Trust Management Limited Sunderland SR43 4AZ  Tel: 0333 300 0375
<b>Auditors</b>	KPMG LLP 15 Canada Square, Canary Wharf London E14 5GL
<b>Custodian</b> <i>Principal place of business:</i>	The Northern Trust Company 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>Trustee</b>	NatWest Trustee and Depositary Services Limited House A, Floor 0 Gogarburn 175 Glasgow Road Edinburgh EH12 1HQ
<b>Investment Manager</b>	Rothschild & Co Wealth Management UK Limited New Court, St. Swithin's Lane, London EC4N 8AL <a href="http://www.rothschildandco.com">www.rothschildandco.com</a>
<b>Financial Conduct Authority (‘FCA’)</b>	12 Endeavour Square London E20 1JN