



PROSPECTUS
OF
THE CRANMER INVESTMENT FUND

This document is the Prospectus of The Cranmer Investment Fund which is dated, and is valid as at 19 September 2023. The document replaces any previous prospectuses issued by the Company.

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

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

IMPORTANT INFORMATION

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

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

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

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

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

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

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

The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in

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

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

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

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

The provisions of the Instrument are binding on each of the Shareholders and a copy of the Instrument is available on request from the ACD.

This Prospectus has been prepared in accordance with the terms of the rules contained in the COLL Sourcebook published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the Act).

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

The Prospectus is based on information, law and practice at the date of this Prospectus. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published Prospectus.

Data Protection

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

Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons.

A copy of the ACD's Privacy Notice relating to investors is available at www.tutman.co.uk or on request from 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 ACD must check your identity and the source of the money invested.

The ACD may also request verification documents from parties associated with you. In some cases documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will

not affect your (or your associated party's) credit rating. They may also use your (or your associated party) details in the future to assist other companies for verification purposes.

If you apply for shares you are giving the ACD permission to ask for this information in line with Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.

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This is the Prospectus for The Cranmer Investment Fund (the Company). In this Prospectus the below words and expressions shall have the following meanings:

1 DEFINITIONS

- “ACD”** TUTMAN LLP, the authorised corporate director of the Company.
- “ACD Agreement”** an agreement between the Company and the ACD.
- “AIF”** as defined in the FCA Glossary.
- “Approved Bank”** means (in relation to a bank account opened for the Company):
- (a) if the account is opened at a branch in the United Kingdom:
 - (i) the Bank of England; or
 - (ii) the central bank of a member state of the OECD; or
 - (iii) a bank; or
 - (iv) a building society; or
 - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
 - (b) if the account is opened elsewhere:
 - (i) a bank in (a); or
 - (ii) a bank which is regulated in the Isle of Man or the Channel Islands; or
 - (c) a bank supervised by the South African Reserve Bank; or

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

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

“Associate”

any person whose business or domestic relationship with the ACD or the ACD’s associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

“Auditor”

Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time.

“Business Day”

a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company’s portfolio of securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such.

“CASS”

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

“CCP”

as defined in the FCA Glossary.

“Class” or “Classes”

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

“COLL”

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

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| “the COLL Sourcebook” | the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time. |
| “Company” | The Cranmer Investment Fund. |
| “Conversion” | the exchange of Shares in one Class for Shares of another Class the act of so exchanging and “Convert” shall be construed accordingly. |
| “Custodian” | the person who provides custodian services to the Company, being The Northern Trust Company, and its successor or successors as custodian. |
| “Data Protection Laws” | <p>means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:</p> <ul style="list-style-type: none"> (a) the UK GDPR; (b) the Data Protection Act 2018; (c) any laws which implement any such laws; (d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and (e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding). |
| “Dealing Day” | the 15 th day of the month where this is a Business Day, and the last Business Day of the month. In the event that the 15 th is not a Business Day, the Business Day prior to this date or such other day as may be agreed between the ACD and Depositary. |

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| “Depositary” | the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depositary Services Limited and its successor or successors as depositary. |
| “Depositary Agreement” | the agreement between the Company, the ACD and the Depositary regarding the appointment of the Depositary. |
| “Director” or “Directors” | the directors of the Company from time to time (including the ACD). |
| “EEA” | the European Economic Area. |
| “EEA State” | a member state of the European Union and any other state which is within the EEA |
| “Efficient Portfolio Management” or “EPM” | <p>techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p>(a) they are economically appropriate in that they are realised in a cost effective way;</p> <p>(b) they are entered into for one or more of the following specific aims:</p> <ol style="list-style-type: none"> i. reduction of risk; ii. reduction of cost; iii. generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the COLL Sourcebook. |
| “Eligible Institution” | as defined in the FCA Glossary. |

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| “ERISA Plan” | (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans). |
| “EUWA” | the European Union (Withdrawal) Act 2018. |
| “the FCA” | the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time. The address for the FCA is set out in Appendix VII. |
| “the FCA Glossary” | The glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time. |
| “the FCA Handbook” | The FCA’s Handbook of rules and guidance including COLL, as amended from time to time. |
| “FCA Rules” | the rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL. |
| “Financial Instruments” | as defined in the FCA Handbook. |
| “Financial Services Register” | as defined in the FCA Glossary. |
| “Fund Accountant” | the person who provides fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant. |
| “Home State” | as defined in the FCA Glossary. |
| “ICVC” | Investment Company with Variable Capital. |

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| “Instrument of Incorporation” | the instrument of incorporation of the Company as amended from time to time. |
| “International Tax Compliance Regulations” | the International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time. |
| “Investment Managers” | Ruffer LLP and Thesis Asset Management Limited, the investment managers to the ACD in respect of the Company. |
| “IOSCO” | the International Organisation of Securities Commissions. |
| “Net Asset Value” or “NAV” | the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation. |
| “Non-UCITS retail scheme” | an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund. |
| “OECD” | the Organisation for Economic Co-operation and Development. |
| “OEIC Regulations” | The Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time. |
| “OTC” | over-the-counter derivative: a derivative transaction which is not traded on an investment exchange. |
| “Register” | the register of Shareholders of the Company. |
| “Registrar” | Northern Trust Global Services SE, UK branch, or such other entity as is appointed to act as Registrar to the Company from time to time. |
| “Regulated Activities Order” | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544). |

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| “Regulations” | the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook). |
| “Scheme Property” | as defined in the FCA Glossary. |
| “SDRT” | Stamp Duty Reserve Tax. |
| “Share” or “Shares” | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share). |
| “Shareholder” | a holder of registered Shares in the Company. |
| “SYSC” | the Senior Management Arrangement Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time. |
| “The International Tax Compliance Regulations” | means the International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time. |
| “UCITS Directive” | the European Parliament and Council Directive of 13 July 2009 (UCITS) (No. 2009/65/EC) as amended, including any implementing measures, on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities as it applies in the UK from time to time. |

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| “UK GDPR” | 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) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK’s withdrawal from the European Union. |
| “UK UCITS” | as defined in the FCA Glossary. |
| “UK UCITS Regulations” | the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK’s withdrawal from the European Union. |
| “United Kingdom” or “UK” | the United Kingdom of Great Britain and Northern Ireland. |
| “United States” or “US” | the United States of America, its territories and possessions, any state of the United States, and the District of Columbia. |
| “US Persons” | <p>A person who is in either of the following two categories:</p> <ul style="list-style-type: none"> (a) a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the 1933 Act; or (b) a person excluded from the definition of a “Non-United States person” as used in Commodity Futures Trading Commission (“CFTC”) Rule 4. |

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

"Valuation Point"

the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 10.00 a.m. London time on each Dealing Day, with the exception of a bank holiday in England and Wales, or the last Business Day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

"VAT"

Value Added Tax.

"1933 Act"

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

"1940 Act"

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

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

References in the main body of this Prospectus to paragraphs mean paragraphs in the main body of this Prospectus unless otherwise stated. Similarly, references in 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 paragraph 1 (Definitions) or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meaning 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.

2 DETAILS OF THE COMPANY

2.1 General Information

2.1.1 General

The Cranmer Investment Fund is an open-ended investment company with variable capital incorporated with limited liability. It is incorporated in England and Wales under registered number IC000276. The Company was authorised by the Financial Services Authority* with effect from 27 November 2003.

The FCA product reference number is 228819.

The Company has an unlimited duration. The circumstances in which the Company may be wound up are set out at paragraph 11.

*The Financial Services Authority has been superseded by the Financial Conduct Authority and the Prudential Regulation Authority.

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

2.1.2 Head Office

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

2.1.3 Address for Service

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

2.1.4 **Base Currency**

The base currency of the Company is Pounds Sterling.

2.1.5 **Share Capital**

Maximum £100,000,000,000

Minimum £1

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

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

The circumstances, and the procedure, to wind up the Company are set out in paragraph 11 below.

2.1.6 **Marketing**

The Company is classified as a UK UCITS and may be marketed to the public in the UK. The Company will not be able to apply to the regulatory authorities in member states in the European Union to market Shares under the UCITS Directive in those states.

It is not intended that the Company will be marketed outside the UK.

2.2 **The structure of the Company**

2.2.1 **The Company**

The Company is a standalone open-ended investment company.

The Company is a UK UCITS.

Details of the Company, its investment objectives and policy, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Appendix II.

A detailed statement of the general investment and borrowing restrictions in respect of the Company is set out in Appendix III.

Details of an investor profile, for which the Company is designed for, is set out in Appendix V.

2.2.2 **Shares**

Classes of Share within the Company

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

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

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

Further Classes of Shares may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class,

either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

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

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

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company at the end of the relevant distribution period and is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows income and accumulation Shares to be issued.

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

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

3 BUYING, REDEEMING AND CONVERTING SHARES

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and Conversion of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 8.30 a.m. and 5.30 p.m. (London time) directly to the office of the ACD (telephone: 0333 300 0355 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

3.1 **Electronic Communications**

The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- a) prior agreement between the ACD and the person making the communication as to:
 - (i) the electronic media by which such communications may be delivered; and
 - (ii) how such communications will be identified as conveying the necessary authority; and
- b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

Telephone calls will be recorded (please refer to paragraph 12.8 (Telephone calls) under paragraph 12 (General Information)). The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

3.2 **Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

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

3.3 **Buying Shares**

3.3.1 Procedure

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.6 "Dealing Charges". Application forms may be obtained from the TUTMAN LLP at the dealing office of the Administrator.

Valid applications to purchase Shares in the Company will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in the Company has been suspended as set out in paragraph 3.12.

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

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

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

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment must be received in full and accompany the application.

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

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

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

3.3.2 Documents the buyer will receive

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

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be

supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

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

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

3.3.3 Minimum Subscriptions and Holdings

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

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

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

3.4 Redeeming Shares

3.4.1 Procedure

Every Shareholder is entitled, on any Dealing Day to redeem its Shares, . . . Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued or cancelled by the Company. When carrying out deals in Shares the ACD acts as principal but does not profit from this activity.

Valid instructions to the ACD to redeem Shares will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing has been suspended as set out in paragraph 3.12.

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

For details of dealing charges see paragraph 3.6 below.

3.4.2 Documents a redeeming Shareholder will receive

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

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

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

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

3.4.3 Minimum Redemption

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

3.5 Conversion

Subject to any restrictions on the eligibility of investors in relation to a particular Share Class, a Shareholder may at any time Convert all or some of their Shares ("Original Shares") for Shares in a different Class ("New Shares").

A Conversion is an exchange of Shares in one Class for Shares of another Class.

Conversions will be effected by the ACD recording the change of Class on the Register at the next Valuation Point following receipt of instructions by the ACD.

The number of New Shares issued to a Shareholder following a Conversion will be determined by reference to the price of the Original Shares relative to the price of the New Shares at the relevant Valuation Point.

If a Shareholder wishes to Convert Shares he should apply to the ACD in the same manner as for a redemption of Shares in accordance with paragraph 3.3. Instructions may be given by telephone but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before the Conversion is effected.

There is no charge payable on a Conversion.

If a partial Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, exchange the

whole of the applicant's holding of Original Shares to New Shares or refuse to effect any Conversion of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Requests to Convert received after a Valuation Point will be held over until the next day which is a Dealing Day.

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

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

3.6 Mandatory Conversion

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

3.7 Dealing Charges

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

3.7.1 Preliminary Charge

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

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

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

From the preliminary charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries including the Investment Managers and their Associates.

3.7.2 Redemption Charge

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

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

3.7.3 Dilution Levy

The actual cost of purchasing, selling or switching underlying investments in the Company may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Company's underlying investments. These dealing costs could have an adverse effect on the value of the Company, known as "dilution". In order to mitigate the effect of dilution the FCA Rules allow the ACD to make a dilution levy on the purchase, redemption or Switch of Shares in the Company. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the Company.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

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

It is not possible to predict accurately whether dilution will occur at any point in time. Based on future projections, the ACD expects that the vast majority of sales and/or redemptions of Shares will be 'large deals' and that a dilution levy may be charged on the majority of deals. If a dilution levy is required then, based on historical data, the estimated rate of such a levy would be up to 0.75%.

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the FCA Rules.

The number of days on which a dilution levy has been applied between 1 April 2022 and 31 March 2023 is nil.

3.7.4 **Conversions**

The Company is permitted to impose a charge where a Shareholder Converts their Shares.

There is currently no charge for Conversions of Shares for Shares in another Class.

3.7.5 **Stamp Duty Reserve Tax ("SDRT")**

SDRT on dealings in units in authorised investment funds is abolished with effect from 30 March 2014. As a result subscriptions and redemptions of Shares are exempt from SDRT.

It should be noted that, subject to certain exemptions, where a transfer of Shares is made by a Shareholder, other than by the ACD transferring Shares on the Register, SDRT is currently and it is envisaged will continue to be chargeable at the rate of 0.5% of the consideration.

Also, if a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no SDRT on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

3.8 **Transfers**

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

3.9 **Restrictions and Compulsory Transfer and Redemption**

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

inter alia, reject in its discretion any application for the purchase, redemption, transfer or Conversion of Shares.

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

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

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

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

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

manner as provided for in the COLL Sourcebook.

3.10 Issue of Shares in exchange for in Specie Assets

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

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

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

3.11 In Specie Redemptions

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

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

3.12 Suspension of dealings in the Company

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

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

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

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

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

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

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

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

3.13 Governing Law

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

3.14 **Client money**

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

- a) the ACD receives the money from a client in relation to the ACD’s obligation to issue Shares in the Company in accordance with COLL;
or
- b) the money is held in the course of redeeming Shares, where the proceeds are paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in 3.12(a) or (b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depository or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.

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

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

The ACD will not be responsible for any actions or omissions of the relevant bank. If the bank holding the client account becomes insolvent, the ACD will have a claim on behalf of all Shareholders, but if there is a shortfall, all

clients will Share in this proportionately, although Shareholders may be entitled to compensation from the Financial Services Compensation Scheme.

The availability of compensation depends on the type of business being conducted. Details are available from the Financial Services Compensation Scheme Helpline on 0800 678 1100 or 020 7741 4100 and on the Financial Services Compensation Scheme website: www.fscs.org.uk.

In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity. This is subject to the rules in COLL, which require the ACD to transfer any distribution payment which remains unclaimed after a period of six years from the date of payment to the Company's capital property.

4 VALUATION OF THE COMPANY

4.1 General

The price of a Share is calculated by reference to the Net Asset Value. The Net Asset Value per Share is currently calculated at 10.00 a.m. (London time) (this being the Valuation Point) on each Dealing Day. Shares in the Company are single priced.

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

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

“Late Trading” is defined as the acceptance of a subscription, redemption or Conversion order received after the Company’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

4.2 Calculation of the Net Asset Value

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

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

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

4.2.2.1 Units or shares in a collective investment scheme:

- a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- b) if separate buying and redemption 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 redemption price has been increased by any exit or redemption charge attributable thereto; or
- c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if

no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.2 Any other transferable security:

- a) if a single price for buying and redeeming the security is quoted, at that price; or
- b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or, if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:

- 4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

- 4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - 4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.

- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

4.3 Price per Share in each Class

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

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

4.4 Pricing Basis

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is

deemed to be accepted by the ACD. Shares in the Company are single priced.

4.5 **Publication of Prices**

The most recent prices will appear daily on the Trustnet website at www.trustnet.com and can also be obtained by telephone on 01483 783 900.

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

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

5 RISK FACTORS

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

5.1 **General**

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

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

5.2 **Effect of Preliminary Charge or Redemption Charge**

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

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

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

5.3 **Dilution**

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

5.4 **Suspension of Dealings in Shares**

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

5.5 **Currency Exchange Rates**

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

5.6 **Derivatives**

Each Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Company, reducing costs or generating additional capital or income.

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

For more information in relation to investment in derivatives please see paragraph 17 and 18 in Appendix Iii.

5.7 **Emerging Markets**

Emerging markets tend to be more volatile than more established markets and therefore your money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the Company. A counterparty may not pay or deliver on time or as expected.

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

Given the possible lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to the Company because the maximum permitted number of an investment by foreign Shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval.

Accounting, financial reporting standards and disclosure requirements in emerging markets may differ from those in more developed markets and, accordingly, investment possibilities may be difficult to properly assess.

5.8 **Credit and Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice

versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

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

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

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the “parent company” as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

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

5.9 **Counterparty and Settlement**

The Company will be exposed to a credit risk on parties with whom it trades

and will also bear the risk of settlement default.

5.10 **Custody**

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

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

5.11 **Inflation and Interest Rates**

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

5.12 **Tax**

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

Currently, the Company relies extensively on tax treaties between the United Kingdom and other countries to reduce domestic rates of withholding tax being applied on income arising where a Company holds underlying assets in those countries. A risk exists that these treaties may change or that tax authorities may change their position on the application of a relevant tax treaty. As a consequence, any such change (i.e. the imposition of, or increase in, withholding tax in that foreign jurisdiction) may result in higher rates of tax being applied to income from underlying investments

and this may have a negative effect on the returns to the Company and investors.

In addition, under some treaties the rate of withholding tax applied to a Company may be affected by the tax profiles of investors in the Company. This is because such treaties may require a majority of investors in the Company to be resident in either the UK or another specified jurisdiction as a condition of relief. Failing to satisfy this test may also result in increased withholding tax and therefore a negative effect on the returns to the Company and investors.

5.13 **Counterparty Risk in OTC Markets**

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

5.14 **Liquidity**

Depending on the types of assets the Company invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

5.15 **Charges applied to Capital**

Where charges are taken from the Company's capital, this will increase the

amount of income available for distribution; however, this will erode capital and may constrain capital growth.

5.16 Property Funds

The Company may invest in other schemes investing in real property. The value of capital and income will fluctuate as property values and rental incomes rise and fall. These schemes may also invest in other property related securities. Whilst returns from these investments have the potential for attractive returns over the longer term, the short-term volatility of these returns can also be high.

5.17 Investment in Regulated Collective Investment Schemes

The Company may invest in other regulated collective investment schemes. As an investor in another collective investment scheme, the Company will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including the management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which the Company bears directly with its own operations.

5.18 Investment Trusts

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

5.19 Smaller Companies

Investment in smaller companies can be higher risk than investment in well-established blue chip companies. Funds investing significantly in smaller companies can be subject to more volatility due to the limited

marketability of the underlying asset.

5.20 **Unlisted Investments**

Unlisted investments are generally not publicly traded. As there may be no open market for a particular security it may be difficult to sell and cause liquidity issues.

The lack of an open market may also restrict the establishment of a fair value for an unlisted investment when compared to an equivalent listed investment.

5.21 **Infectious Diseases**

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

6 **MANAGEMENT AND ADMINISTRATION**

6.1 **Regulatory Status**

The ACD, the Depositary, and the Investment Managers are authorised and regulated by the Financial Conduct Authority.

6.2 **Authorised Corporate Director**

6.2.1 **General**

The ACD of the Company is TUTMAN LLP, a limited liability partnership incorporated in England and Wales on 2 November 2011 with a company number OC369415.

The members of the ACD are:

Thesis Unit Trust Management Limited – Designated Member

Thesis Holdings Limited – Designated Member

Thesis Unit Trust Management Limited is wholly owned by Thesis Holdings Limited, a private limited company incorporated in Jersey

with number 123560.

Registered office: Exchange Building, St Johns Street, Chichester PO19 1UP.

Principal Place of Business: Exchange Building, St Johns Street, Chichester PO19 1UP.

Member's Capital: £875,000.

Delegated functions

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook.

The ACD may delegate its management and administration functions, but not responsibility, to third parties, including Associates subject to the rules in the COLL Sourcebook.

The ACD has delegated, to the Investment Managers, the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Company (as further explained in paragraph 6.4 below). In addition, the ACD has delegated, to the Registrar, certain functions relating to the Register (as further explained in paragraph 6.4.1 below).

6.2.2 **Terms of Appointment**

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

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after the expiry of three years from the date of incorporation of the Company on not less than twelve months written notice or earlier upon the

happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.3 "Charges payable to the ACD".

The Company has no directors other than the ACD. The ACD is the authorised fund manager of other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Appendix IV.

6.3 The Depositary

6.3.1 General

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

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

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

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

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

6.3.2 **Duties of the Depositary**

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

6.3.3 **Conflicts of Interest**

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

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

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

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

6.3.4 **Updated Information**

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to Shareholders on request.

6.3.5 **Terms of Appointment**

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

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

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the "Custodian"). Contact details for the Custodian are set out in Appendix VII. 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").

A list of sub-custodians is set out in Appendix VI. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

To the extent permitted by applicable law and the UK UCITS Regulations, the Depositary will not be held liable for any loss incurred by it, or through any of its agents in carrying out its obligations or functions, unless such loss arises as a direct result of the fraud, wilful default, negligence or intentional failure of the Depositary to properly fulfil its obligations under the Depositary Agreement.

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

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

Details of the fees payable to the Depositary are set out in paragraph 7.5.

6.4 The Investment Managers

6.4.1 General

The ACD has appointed the following Investment Managers to provide investment management services to the ACD:

- a) Ruffer LLP; and
- b) Thesis Asset Management Limited

The registered office address, for each Investment Manager, is set out at Appendix VI.

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

The Investment Managers are authorised and regulated by the Financial Conduct Authority.

The principal activity of the Investment Managers is the provision of investment management services. Each of the Investment Managers are required to comply with its own execution policy.

A copy of each Investment Manager's execution policy is available on request from the ACD or may be available on each Investment Manager's website (listed in the Directory, Appendix VII),

6.4.2 **Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and each Investment Manager include the provision of discretionary investment management within the investment objectives of the Company, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Managers have authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. The Investment Management Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events. The Investment Management Agreement may be terminated immediately by the ACD if it is in the interests of investors.

The Investment Managers will receive a fee paid by the ACD out of its remuneration received each month from the Company.

The Investment Managers will not be considered as broker fund advisers under the FCA Handbook in relation to the Company.

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

6.5.1 **General**

The ACD has delegated the function of Registrar, Administrator and Fund Accountant to Northern Trust Global Services SE, UK branch.

The registered office of Northern Trust Global Services SE, UK branch is set out in Appendix VII.

The duties of the Registrar and Administrator include:

- a) maintaining the Register;
- b) receiving and processing requests for subscriptions for, or redemptions of, shares in the Company;
- c) administering the payment of distributions to Shareholders in the Company;
- d) dealing with certain regulatory reporting requirements on behalf of the Company and the ACD;
- e) maintaining the accounting records of the Company;
- f) assisting in calculating the Net Asset Value of the Company, as well as to provide fund accounting services in respect of the Company.

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

6.5.2 **The Register**

The Register is kept at 50 Bank Street, Canary Wharf, London E14 5NT where it may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

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

6.6 **The Auditor**

The auditor of the Company is Deloitte LLP and the address of the Auditor is set out in Appendix VII.

6.7 **Conflicts of Interest**

6.7.1 **ACD**

The ACD, the Investment Managers and other companies within the ACD's and/or the Investment Managers' groups may, from time to

time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or the Investment Managers may in the course of their business have potential conflicts of interest with the Company or that a conflict exists between the Company and other funds managed by the ACD. Each of the ACD and the Investment Managers will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Managers will ensure that the Company and other collective investment schemes it manages are fairly treated.

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

Details of the ACD's conflicts of interest policy are available from the ACD on request.

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

7 FEES AND EXPENSES

7.1 Ongoing

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph

3.3) payable by a Shareholder or out of Scheme Property are set out in this section.

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

- 7.1.1 broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.2 any costs incurred in the incorporation and authorisation of the Company, any offer of Shares, the preparation and printing of any prospectus (and any amendments thereto) and the fees for professional services provided to the Company in connection with such offer;
- 7.1.3 fees and expenses in respect of establishing and maintaining the Register, including any sub-registers kept for the purpose of the administration of (when applicable) Individual Savings Accounts;
- 7.1.4 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.1.5 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.1.6 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 7.1.7 any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar.

- 7.1.8 any fees or costs associated with any CASS related support activity incurred by the Registrar.
- 7.1.9 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 7.1.10 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.11 any costs incurred in respect of meetings of Shareholders convened for any purpose;
- 7.1.12 any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 7.1.13 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.14 taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
- 7.1.15 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 7.1.16 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.1.17 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.1.18 any payments otherwise due by virtue of a change to the Regulations; and
- 7.1.19 any value added or similar tax relating to any change or expense set out herein.

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

7.2 **Allocation of payments**

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Company is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 3.7.5 "Stamp Duty Reserve Tax"). If deductions were made from capital, this may result in capital erosion and constrain growth.

Investors should note that the ACD will debit its expenses (including the annual management charge under paragraph 7.3.1) entirely from capital which may constrain capital growth.

7.3 **Charges payable to the ACD**

7.3.1 **Annual Management Charge**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Company based on the Net Asset Value of the Scheme Property on the immediately preceding Dealing Day and the amount due for each month is payable on the last Dealing Day of each month. The current annual management charge (expressed as a percentage per annum of the Net Asset Value) is set out in Appendix I.

7.3.2 **Registration Fees**

The ACD has delegated the function of registrar relating to the Register to Northern Trust Global Services SE, UK branch (the 'Registrar'). The Registrar is entitled to receive a fee out of the Scheme Property of the Company for providing registration services, (including establishing and maintaining sub-registers where applicable). Such fee is payable monthly.

The current registration fee is £10 per annum per registered Shareholder, with a minimum of £2,000 per annum.

7.3.3 **Expenses**

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

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

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

7.4 **Administration and Fund Accountant Fees**

Northern Trust Global Services SE, UK branch fees and expenses (for providing administration and fund accountant services) will be paid by the ACD out of its remuneration. Further details of this agreement are summarised in paragraph 6.5 "Terms of Appointment" above.

7.5 **Depositary's Fee and Expenses**

7.5.1 **Periodic fee**

The Depositary is entitled to receive for its own account a periodic fee payable from the Scheme Property.

The Depositary's fee is calculated on the value of the Scheme Property in accordance with the Depositary Agreement and the FCA Rules, and payable out of the Scheme Property in accordance with the FCA Rules. For this purpose, the value of the Scheme Property is inclusive of the issues and cancellations which take effect as at the relevant valuation point.

The Depositary's fee will be calculated and accrue daily. The Depositary's fee is payable as soon as practicable after the end of the month in which it accrued.

The current fees payable are:

| | |
|-------------------|---|
| 0.0275% per annum | on the value of the Scheme Property up to and including £50,000,000 |
| 0.025% per annum | on the value of the Scheme Property between £50,000,000 and up to and including £100,000,000 |
| 0.020% per annum | on the value of the Scheme Property between £100,000,000 and up to and including £200,000,000 |
| 0.015% per annum | on the value of the Scheme Property thereafter |

The annual fee is subject to a minimum fee of £7,500 per annum plus VAT.

7.5.2 Transaction charges and derivative and custody charges

In addition to the Depositary's periodic fee and expenses set out above, the Depositary 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 Scheme Property.

The current range of transaction charges is between £7.50 and £180.00 per transaction plus VAT (if any) depending on the markets and the type of transaction involved.

Derivative Transaction Charges are £20 (if applicable). Custody charges are up to 0.05% of the value of the holding involved subject to a minimum fee of £7,500 per annum plus VAT.

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

charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the UCITS Directive, the Instrument of Incorporation and the Regulations. In addition, the Depositary is entitled to charge a fee of £20 per derivative transaction.

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

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

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

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

7.6 Investment Managers' Fees

The Investment Managers' fees and expenses (plus VAT thereon) for providing investment management services will be paid by the ACD out of its remuneration under the ACD Agreement. Further details of this

agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above. Research costs will be paid for by the Investment Managers out of this fee and shall not be borne by the Company.

8 INSTRUMENT OF INCORPORATION

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

9 SHAREHOLDER MEETINGS AND VOTING RIGHTS

9.1 Class and Company Meetings

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

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

9.2 Requisitions of Meetings

The ACD may requisition a general meeting at any time.

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

9.3 Notice and Quorum

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

9.4 **Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at a reasonable date before the notice of the meeting is sent out, such date to be decided by the ACD.

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

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

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

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

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

50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

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

9.5 **Variation of Class Rights**

The rights attached to a Class may be varied in accordance with COLL.

10 **TAXATION**

10.1 **General**

The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of Investment Companies with Variable Capital (“ICVC”) and Shareholders who are UK tax resident. However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. Investors are advised to consult their professional tax adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

10.2 **Taxation of the Company**

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

The Company will make dividend distributions except where over 60% of the Company’s property has been invested 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”.

10.2.1 **Income**

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

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

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

10.2.2 Chargeable gains

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

10.2.3 Stamp Duty Reserve Tax

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

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

10.3 Taxation of Shareholders

10.3.1 **Income**

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

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

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

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

10.3.2 **Interest distributions**

UK resident individuals

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

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

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

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

UK corporate Shareholders

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

The Company will fail to satisfy the “qualifying investments” test at any time when more than 60% of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the “qualifying investments” test, or other interest bearing securities.

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

10.3.3 Dividend distributions

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

UK resident individuals

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

UK corporate Shareholders

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

The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of UK corporate Shareholders although the franked dividend portion should fall within an exemption from corporation tax.

10.3.4 **Chargeable gains**

UK resident individuals

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

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

UK corporate Shareholders

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

Stamp Duty Reserve Tax

Generally, there will be no charge to SDRT when Shareholders surrender or redeem their Shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to SDRT may apply.

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

10.4 Income equalisation – tax implications

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

10.5 UK information reporting regime

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

10.6 Tax Elected Fund ("TEF") regime

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

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

Shareholders should note that:

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

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

11 WINDING UP OF THE COMPANY

- 11.1 The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook.
- 11.2 Where the Company is to be wound up under the COLL Sourcebook, such winding up can only commence provided (a) effect has been given, under regulation 21 of the OEIC Regulations to proposals to wind up the affairs of the Company or to proposals to make alterations to the Company's Instrument of Incorporation and Prospectus that will be required if a sub-fund is terminated (if the Company is an umbrella) and (b) unless a statement has been prepared and delivered to the FCA under the COLL Sourcebook and received by the FCA prior to satisfaction of the condition in (a). The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.
- 11.3 The Company shall be wound up under the COLL Sourcebook:
- 11.3.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 11.3.2 when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below one million pounds, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or
- 11.3.3 on the date stated in any agreement by the FCA to a request by the ACD for the winding up of the Company; or
- 11.3.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company (or a sub-fund if the Company is an umbrella) ceasing to hold Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular sub-fund.
- 11.4 On the occurrence of any of the above:

- 11.4.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;
- 11.4.2 the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;
- 11.4.3 no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- 11.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 11.4.5 the corporate status and powers of the Company and subject to 11.4 to 11.7 above, the powers of the Depositary shall continue until the Company is dissolved.
- 11.5 The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company the ACD shall, as soon as practicable after the commencement of winding up of the Company give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company.
- 11.6 As soon as reasonably practicable after completion of the winding up of the Company, the Depositary shall notify the FCA that the winding up has been completed.

- 11.7 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.
- 11.8 Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The Auditor shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditor's report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

12 GENERAL INFORMATION

12.1 Accounting Periods

The annual accounting period of the Company ends each year on 15 January (the accounting reference date) with an interim accounting period ending on 15 July.

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

12.2 Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be duly served if it is:

- a) delivered to a Shareholder's address as appearing on the Register;
or
- b) delivered using an electronic medium in accordance with paragraph 3 (Electronic Communications).

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 notice or 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 a Shareholder must be in legible form. For this purpose, any form is legible form which:

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

The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change.

This is a change or event which:

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

12.3 **Income Allocations**

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

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

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

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

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Auditor as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

12.4 Annual Reports

A long report containing the full accounts is available to any person free of charge on request from the ACD.

12.5 Documents of the Company

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

12.5.1 the Prospectus;

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

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

12.5.4 the material contracts referred to below.

Shareholders may obtain copies of the above documents on request from the offices of the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus

and annual and half yearly long reports of the Company which are available free of charge to anyone who requests).

12.6 **Material Contracts**

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

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

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

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

12.7 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

12.8 **Telephone Recordings**

Please note that telephone calls may be recorded for regulatory, training and monitoring purposes and to confirm investors' instructions.

Recordings will be provided on request for a period of at least five years from the date of such recording or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call.

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

12.9 **Complaints**

Shareholders who have complaints about the operation of the Company should, in the first instance contact the ACD.

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

A copy of the ACD's complaints handling procedure is available upon request.

12.10 **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Auditor or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

12.11 **Strategy for the Exercise of Voting Rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Company. This strategy involves monitoring relevant corporate events, ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the Company and preventing or managing any conflicts of interest arising from the exercise of voting rights. Details of the actions taken on the basis of this strategy in relation to the Company are available free of charge from the ACD on request.

12.12 **Best Execution**

The ACD's order execution policy sets out the factors which the ACD expects the Investment Managers to consider when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available on the ACD's website at www.tutman.co.uk.

12.13 **Inducements and Soft Commission**

12.13.1 Where Shares in the Company are sold to retail investors who employ the services of a financial adviser the ACD may make commission payments to those financial advisers as follows:

12.13.1.1 initial sales commission for the Company, paid out of the preliminary charge; and/or

12.13.1.2 ongoing commission payments based on the value of the investor's holding.

12.13.2 The ACD may from time to time accept cash and non-monetary benefits from suppliers to the Company of fund management services in accordance with the FCA Rules. The ACD is not obliged to account to the Company or to the Shareholders for these payments.

12.13.3 Each Investment Manager, in addition to the fee paid to the Investment Manager by the ACD out of its remuneration received each month from the Company, may also be entitled to receive commission paid by the ACD in respect of investment in the Company by its clients.

12.13.4 The provision of benefits described above will not result in any additional cost to the Company.

12.13.5 The ACD will make disclosures to the Company in relation to inducements as required under the FCA Rules.

12.13.6 Further details of any such inducements may be obtained on request from the ACD.

12.14 **Risk Management**

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

12.14.1 The quantitative limits applying in the risk management of the Company;

12.14.2 The methods used in relation to 12.14.1; and

12.14.3 Any recent development of the risk and yields of the main categories of investment.

12.15 **Remuneration**

The ACD has established and applies a remuneration policy, procedure and practice (together, the "Remuneration Policy") which is consistent with, and promotes, sound and effective risk management, and does not encourage risk-taking that is inconsistent with the risk profile or the Instrument of Incorporation. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the ACD or the Company. The Remuneration Policy does not impair compliance with the ACD's duty to act in the best interests of the Company.

Details of the up-to-date Remuneration Policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on www.tutman.co.uk and a paper copy of such information can be obtained, free of charge, upon request at the offices of the ACD.

12.16 **Risk Management**

The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company.

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

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

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

The ACD must notify the FCA in advance of any material alteration to the details above.

12.17 Non-accountability for profits

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

12.17.1 dealings in the Shares of the Company;

12.17.2 any transaction in the Scheme Property; or

12.17.3 the supply of services to the Company.

APPENDIX I

COMPANY DETAILS

| | |
|------------------------------|--|
| Name: | The Cranmer Investment Fund |
| Type of Scheme: | UK UCITS scheme |
| Investment Objective: | <p>The Company aims to provide a combination of income and growth of capital, net of fees, over 5 year rolling periods.</p> <p>There is no guarantee that a return will be achieved over this 5 year period, or any other period. Capital is at risk.</p> |
| Investment Policy | <p>To achieve the objective, the Company will have exposure to a geographically diversified portfolio which will typically comprise at least 50% equities, and up to 50% in fixed income assets (which may include government and public securities), alternative asset classes (for example, credit and commodities including gold and property) and cash. The exposure to equities may fall below 50% where equity markets are considered as over valued by the Investment Managers or other asset classes can provide a better risk adjusted return in the market conditions.</p> <p>The assets in which the Company may also invest will be other transferable securities, including warrants and money market instruments.</p> <p>More than 50% of the Scheme Property may be invested in the units of collective investment vehicles, including investment trusts, in accordance with the FCA Rules. Such collective investment vehicles may include those managed by the ACD or its associates or the Investment Managers or their associates. All other exposure will be attained from direct investments. The allocation to collective investment vehicles will vary depending on markets and to take advantage of geographical expertise available via funds. Exposure to alternatives will be obtained indirectly via permitted investments such as collective investment vehicles.</p> |

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

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

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

Comparator Benchmark

The Company uses the Investment Association Mixed Investment 40-85% Shares peer group for performance comparison purposes only. This peer group is not a target benchmark and the Company is not constrained by it. The peer group has been selected as a comparator for performance because the parameters for this peer group of between 40 and 85% exposure to equities are closely aligned with the policy of the Company.

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

Final Accounting Date: 15 January

Interim Accounting Date: 15 July

Income Distribution Dates: 15 March (final)

15 September (interim)

Shares Classes and type of Shares: Income

Preliminary Charge: 7.5%

Redemption Charge: Nil

Annual Management Charge: 1.25%

| Allocation of charges | Income | Capital** |
|--|---------------|------------------|
| AMC | Nil | 100% |
| Administration | Nil | 100% |
| Ongoing operating costs | Nil | 100% |
| Dealing and registration | Nil | 100% |
| Depositary | Nil | 100% |
| Custody | Nil | 100% |
| Portfolio transactions (SDRT, broker's commission) | Nil | 100% |
| Charge for investment research | None | |

Investment Minima:*

Lump Sum: £100,000

Holding: £100,000

Top-up: N/A

Redemption: N/A (provided minimum holding is maintained)

Past Performance: Past performance information is set out in Appendix V.

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

**** Please note that this policy may result in capital erosion or constrain capital growth.** Please refer to paragraph 7.2 for further details.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

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

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

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

Eligible Securities Markets:

| | |
|---------------------------------|--|
| Australia | ASX Group |
| Canada | Toronto Stock Exchange TSX Venture Exchange |
| Hong Kong | Hong Kong Exchange |
| Japan | Tokyo Stock Exchange Osaka Securities Exchange Nagoya Stock Exchange |
| Republic of Korea (South Korea) | Korea Exchange (KRX) |
| Mexico | Bolsa Mexicana de Valores (BMV) |
| New Zealand | New Zealand Stock Exchange (NZX) |

| | |
|--------------------------------------|---|
| Singapore | Singapore Exchange (SGX) |
| South Africa | JSE Limited |
| Switzerland | SIX Swiss Exchange (SWX) |
| Taiwan | Taiwan Stock Exchange |
| Thailand | Stock Exchange of Thailand (SET) |
| United States of America | New York Stock Exchange (NYSE) |
| | NASDAQ Stock Market (NASDAQ) |
| | NYSE MKT LLC |
| Eligible Derivatives Markets: | |
| United Kingdom | The London International Financial Futures and Options Exchange (LIFFE) |

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

The Scheme Property will be invested with the aim of achieving the investment objective but subject to the limits set out in the investment policy and the limits set out in COLL 5 and this Prospectus.

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

From time to time and in particular during periods of uncertain or volatile markets, the Investment Managers may choose to hold a substantial proportion of the Scheme Property of the Company in money market instruments and/or cash deposits.

1.1 Prudent spread of risk

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

1.2 Cover

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

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

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

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

2. **UK UCITS schemes - general**

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

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 units in collective investments schemes;

2.1.4 permitted warrants;

2.1.5 derivatives and forward transactions; and

2.1.6 deposits.

3. **Transferable Securities**

3.1 A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA Glossary).

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 of this Appendix to an investment which is issued by a body corporate, and which is a shares or debenture (as such terms are defined in the FCA Glossary), 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.

3.5 *Investment in transferable securities:* The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

3.5.1 the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;

- 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder;
- 3.5.3 reliable valuation is available for it as follows:
 - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 3.5.4 appropriate information is available for it as follows:
 - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 3.5.5 it is negotiable; and
- 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
 - 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
 - 3.6.2 to be negotiable.

3.7 No more than 5% of the Scheme Property may be invested in warrants.

4. Closed end funds constituting transferable securities

4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:

4.1.1 where the closed end fund is constituted as an investment company or a unit trust:

4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

4.1.2 where the closed end fund is constituted under the law of contract:

4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

5. Transferable securities linked to other assets

5.1 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:

5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and

5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.

5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of the COLL Sourcebook with respect to derivatives and forwards will apply to that component.

6. Approved Money-Market Instruments

- 6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.
- 6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
 - 6.2.1 has a maturity at issuance of up to and including 397 days;
 - 6.2.2 has a residual maturity of up to and including 397 days;
 - 6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
 - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
- 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
 - 6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
7. **Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**

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

7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or

7.1.2 dealt in on an eligible market as described in 8.3.2; or

7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or

7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or

7.1.5 recently issued transferable securities provided that:

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

7.1.5.2 such admission is secured within a year of issue.

7.1.6 However, the Company may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

8. **Eligible markets regime**

8.1 To protect investors the markets on which investments of the Company 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.

8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% 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.

8.3 A market is eligible for the purposes of the rules in COLL if it is:

8.3.1 a regulated market as defined in the FCA Glossary; or

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

8.3.3 a market falling within paragraph 8.4 of this Appendix.

- 8.4 A market falling within paragraph 8.3.3 of this Appendix is eligible for the purposes of COLL if:
- 8.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 8.4.2 the market is included in a list in the Prospectus; and
 - 8.4.3 the Depositary has taken reasonable care to determine that:
 - 8.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 8.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 8.5 In paragraph 8.4.1, 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.
- 8.6 The Eligible Markets for the Company are set out in Appendix II.

9. **Money-market instruments with a regulated issuer**

- 9.1 In addition to instruments admitted to or dealt in on an eligible market, the Company may invest in an approved money-market instrument provided it fulfils the following requirements:
- 9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and
 - 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.
- 9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:
- 9.2.1 the instrument is an approved money-market instrument;

9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and

9.2.3 the instrument is freely transferable.

10. **Issuers and guarantors of money-market instruments**

10.1 The Company may invest in an approved money-market instrument if it is:

10.1.1 issued or guaranteed by any one of the following:

10.1.1.1 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;

10.1.1.2 a regional or local authority of the UK or an EEA State;

10.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;

10.1.1.4 the European Union or the European Investment Bank;

10.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

10.1.1.6 a public international body to which the UK or one or more EEA States belong; or

10.1.2 issued by a body, any securities of which are dealt in on an eligible market;
or

10.1.3 issued or guaranteed by an establishment which is:

10.1.3.1 subject to prudential supervision in accordance with criteria defined by the UK or EU law; or

10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by the UK or EU law.

10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

10.2.1 it is located in the European Economic Area;

10.2.2 it is located in an OECD country belonging to the Group of Ten;

10.2.3 it has at least investment grade rating;

10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by the UK or EU law.

11. **Appropriate information for money-market instruments**

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:

11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.1.3 available and reliable statistics on the issue or the issuance programme.

11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.3 In the case of an approved money-market instrument:

11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or

11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

12. **Spread: general**

12.1 This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 14 applies. The specific limits are set out as follows:

12.2 For the purposes of this paragraph 12, a single body is: (a) in relation to transferable securities and money market instruments, the person by whom they are issued; and (b) in relation to deposits, the person with whom they are placed.

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

12.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.

12.5 The limit of 5% in 12.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Company invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.7 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 12.9 The COLL Sourcebook provides that in applying the limits in 12.3, 12.4 and 12.6 and subject to 12.5, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by; or
 - 12.9.2 deposits made with; or
 - 12.9.3 exposures from OTC derivatives transactions made with a single body.

13. **Counterparty risk and issuer concentration**

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 12.6 and 12.9 above.
- 13.2 When calculating the exposure of the Company to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 An ACD may net the OTC derivative positions of the Company with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Company.
- 13.4 The netting agreements in paragraph 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Company may have with that same counterparty.
- 13.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 12.6 when it passes collateral to an OTC counterparty on behalf of the Company.
- 13.7 Collateral passed in accordance with paragraph 13.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Company.
- 13.8 The ACD must calculate the issuer concentration limits referred to in paragraph 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 13.9 In relation to the exposure arising from OTC derivatives transactions as referred to in paragraph 12.6 the ACD must include any exposure to OTC derivatives transactions counterparty risk in the calculation.

14. Spread: government and public securities

- 14.1 This paragraph 14 applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:

14.1.1 the UK or an EEA State;

14.1.2 a local authority of the UK an EEA State;

14.1.3 a non-EEA State; or

14.1.4 a public international body to which the UK or one or more EEA States belong.

- 14.2 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.

14.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

14.3.1 the ACD has, before any such investment is made, consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Company;

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

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

14.3.4 the disclosures in COLL 4.2.5R(3)(i) have been made.

14.4 In relation to such securities:

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

14.4.2 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.

14.5 To avoid doubt, in giving effect to clause 14.3, more than 35% of the Scheme Property may be invested in such securities issued by:

14.5.1 the United Kingdom and Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales;

14.5.2 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden;

14.5.3 Australia, Canada, Japan, New Zealand, Switzerland; or

14.5.4 the United States of America; and

14.5.5 in securities issued by the European Investment Bank.

14.6 Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, government and public securities issued by that body shall be taken into account.

15. Investment in collective investment schemes

15.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions and provided that no more than 30% of the value of the UK UCITS is invested in second schemes within 15.1.1.2 to 15.1.1.5:

15.1.1 The Second Scheme must:

- 15.1.1.1 be a UK UCITS or a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- 15.1.1.2 be a recognised scheme (as defined in the FCA Glossary) that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided that requirements of COLL 5.2.13AR are met); or
- 15.1.1.3 be authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR (1), (3) and (4) are met); or
- 15.1.1.4 be authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or
- 15.1.1.5 be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
 - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of requirements of COLL 5.2.13AR are met).

15.1.2 The Second Scheme has terms that prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.

15.1.3 Where the Second Scheme is an umbrella, the provisions in paragraph 15.1.2 and paragraph 12 (Spread: general) apply to each sub-fund as if it were a separate scheme.

15.1.4 Investment may only be made in other collective investment schemes managed by the ACD or an Associate of the ACD (which includes the Investment Managers) if the Company's Prospectus clearly states that it

may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

15.2 The Company may, subject to the limit set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is the ACD or one of its Associates subject to the rules in the FCA Handbook.

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

15.4 The requirements of COLL 5.2.13AR are that:

15.4.1 the second scheme is an undertaking:

15.4.1.1 with the sole objective of collective investment in transferable securities or in other liquid financial assets, as referred to COLL 5, of capital raised from the public and which operate on the principle of risk spreading; and

15.4.1.2 with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);

15.4.2 the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the UK, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;

15.4.3 the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of COLL 5; and

- 15.4.4 the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.
- 15.5 The second scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes).
- 15.6 Where the Company makes an investment in, or disposal of, units or shares of a second scheme detailed in paragraph 15.2, and there is a charge in respect of such investment or disposal, the ACD must pay the Company the amount referred to in either paragraph 15.7 or paragraph 15.8 within four Business Days following the date of the agreement to invest or dispose.
- 15.7 Where an investment is made, the amount referred to in paragraph 15.6 is either:
- 15.7.1 any amount by which the consideration paid by the Company for the units or shares in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units or shares been newly issued or sold by it; or
- 15.7.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.
- 15.8 When a disposal is made, the amount referred to in paragraph 15.6 is any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal.
- 15.9 In paragraphs 15.6 and 15.8 above:
- 15.9.1 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 is to be treated as part of the price of the units and not as part of any charge; and
- 15.9.2 any charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or

separate part of that scheme is to be included as part of the consideration paid for the units.

16. **Investment in nil and partly paid securities**

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

17. **Derivatives: general**

The Investment Managers may employ derivatives for the purposes of Efficient Portfolio Management ('EPM') in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the ACD.

Where the Company employs derivatives for EPM or hedging purposes its global exposure will be calculated using the commitment approach on a daily basis.

The commitment approach measures the exposure generated by a derivative and must be based on an exact conversion of the financial derivative position into the market value of an equivalent position in the underlying asset of that derivative.

The sum of the absolute value of all these equivalent positions, after allowing for netting and hedging, is then the leverage generated by the Company's derivatives positions. This leverage level must comply with the RMP.

It is not intended that the use of derivatives and forward transactions for EPM purposes will cause the Company's risk profile to increase.

17.1 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 18.2 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives and forward transactions) of this Appendix.

17.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below applies.

- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this Appendix.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.5 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;
- 17.6 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 17.7 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.8 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.
- 17.9 Where the Company invests in an index based derivative, provided the relevant index falls within the FCA Rules at COLL 5.2.20AR and paragraph 20 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R provided the ACD takes account of the requirements of COLL 5.2.3 for the prudent spread of risk.

18. **Efficient Portfolio Management**

- 18.1 The Company may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Company entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the

reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA's COLL sourcebook.

- 18.2 There is no guarantee that the Company will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Company), the risk of loss to the Company may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.
- 18.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Company. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Company. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Company.
- 18.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Company may accept. A copy of this is available from the ACD on request.
- 18.5 Investors should note that EPM transactions may be effected in relation to the Company in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Company. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Company and its investors. The ACD and Investment Manager will ensure that the Company and its investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.

- 18.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Company, net of direct and indirect operational costs and fees.
19. **Permitted transactions (derivatives and forwards)**
- 19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 24 (OTC transactions in derivatives).
- 19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Company is dedicated:
- 19.2.1 transferable securities;
 - 19.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;
 - 19.2.3 deposits and derivatives permitted under this paragraph;
 - 19.2.4 collective investment scheme units permitted under paragraph 15 (Investment in collective investment schemes);
 - 19.2.5 financial indices which satisfy the criteria set out in paragraph 20 (Financial indices underlying derivatives);
 - 19.2.6 interest rates;
 - 19.2.7 foreign exchange rates; and
 - 19.2.8 currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 A transaction in a derivative must not cause the Company to diverge from its investment objective as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the

conditions in COLL 5.2.22R(1), as read in accordance with the guidance at COLL 5.2.22AG are satisfied.

19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

19.7 A derivative includes an investment which fulfils the following criteria:

19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;

19.7.3 in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23 R and paragraph 24; and

19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD 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.

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

20. **Financial Indices underlying derivatives**

20.1 The financial indices referred to in 19.2 are those which satisfy the following criteria:

20.1.1 the index is sufficiently diversified;

20.1.2 the index represents an adequate benchmark for the market to which it refers; and

20.1.3 the index is published in an appropriate manner.

20.2 A financial index is sufficiently diversified if:

20.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

- 20.2.2 where it is composed of assets in which the Company is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
- 20.2.3 where it is composed of assets in which the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 20.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- 20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- 20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 20.4 A financial index is published in an appropriate manner if:
- 20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- 20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 19.2, be regarded as a combination of those underlyings.
21. **Transactions for the purchase of property**
22. A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property

can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not lead to a breach of the COLL Sourcebook.

23. Requirement to cover sales

23.1 No agreement by or on behalf of the Company to dispose of property or rights (except a deposit) may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment of rights, and the property and rights above are owned by the Company at the time of the agreement.

24. OTC transactions in derivatives

24.1 Any transaction in an OTC derivative under COLL 5.2.20R(1)(b) must be:

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

24.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

24.1.2.1 an Eligible Institution or an Approved Bank;

24.1.2.2 a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;

24.1.2.3 a CCP that is authorised in that capacity for the purposes of EMIR;

24.1.2.4 a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR;

24.1.2.5 to the extent not already covered above, a CCP supervised in a jurisdiction that:

(a) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the UK; and

(b) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.

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

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

24.1.3.2 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value "Fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction; and

24.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

24.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

24.1.4.2 if the value referred to in 24.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

24.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

24.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

24.1.5.2 a department within the ACD which is independent from the department in charge of managing the Company and which is adequately equipped for such a purpose.

24.2 or the purposes of paragraph 24.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

24.3 The jurisdictions that fall within paragraph 24.1.2.5 above are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

24.4 The Depository must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraph 19.

25. **Valuation of OTC derivatives**

25.1 For the purposes of paragraph 24.1.3 the ACD must:

25.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Company to OTC derivatives; and

25.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

25.2 Where the arrangements and procedures referred to in paragraph 25.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R and COLL 6.6A.4 R (5) and (6).

25.3 The arrangements and procedures referred to in 25.1 must be:

25.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

25.3.2 adequately documented.

26. **Risk Management**

26.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12 enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company. (Please refer to paragraph 12.16 for further detail).

27. **Investments in deposits**

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

28. **Significant influence**

28.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

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

28.1.2 the acquisition gives the Company that power.

28.2 For the purposes of paragraph 28.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

29. **Concentration**

The Company:

29.1 must not acquire transferable securities other than debt securities which:

29.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

29.1.2 represent more than 10% of these securities issued by that body corporate;

29.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

29.3 must not acquire more than 25% of the units in a collective investment scheme;

29.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and

29.5 need not comply with the limits in paragraphs 29.2, 29.3 and 29.4 if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

30. **Derivative exposure**

- 30.1 The Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 30.2 Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 31 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of the Company.
- 30.3 A future is to be regarded as an obligation to which the Company is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Company is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 30.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

31. **Cover for investment in derivatives and forward transactions**

- 31.1 The Company may invest in derivatives and forward transactions as part of its investment policy provided:
- 31.1.1 its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and
- 31.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 12 above.

32. **Cover and Borrowing**

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not

available for cover under paragraph 31 (Cover for investment in derivatives and forward transactions) except where 32.2 below applies.

32.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 32.1 on deposit with the lender (or his agent or nominee), then this paragraph 32.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

33. **Calculation of global exposure**

33.1 The ACD must calculate the global exposure of the Company on at least a daily basis in accordance with the methods described in COLL 5.3.7R to COLL 5.3.10R.

33.2 The ACD must calculate the global exposure of the Company either as:

33.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or

33.2.2 the market risk of the Scheme Property

33.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

33.4 The ACD must calculate the global exposure of the Company by using:

33.4.1 commitment approach; or

33.4.2 the value at risk approach.

33.5 The ACD must ensure that the method selected above is appropriate, taking into account:

33.5.1 the investment strategy pursued by the Company;

33.5.2 types and complexities of the derivatives and forward transactions used;
and

33.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

33.6 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 42 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

34. **Cash and near cash**

34.1 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:

34.1.1 the pursuit of the Company's investment objective; or

34.1.2 redemption of Shares; or

34.1.3 efficient management of the Company in accordance with its investment objective; or

34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Company.

35. **General**

35.1 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of the Company or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Company.

35.2 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

35.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company but, in the event of a consequent

breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

35.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage the Company's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Company may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits the Company to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Company) under certain conditions.

36. **Underwriting**

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

37. **General power to borrow**

37.1 The Company or the ACD, on the instructions of the Company, may and subject to the COLL Sourcebook and this paragraph, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

37.2 Borrowing must be on a temporary basis, must not be persistent, and, for this purpose, the ACD must have regard in particular to the duration of any period of borrowing and the number of occasions on which it has resorted to borrowing in any period. Borrowing, in any event, must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

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

37.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

37.5 The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 37.

38. Restrictions on lending of money

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

38.2 Acquiring a debenture is not lending for the purposes of paragraph 38.1, nor is the placing of money on deposit or in a current account.

38.3 Nothing in paragraph 38.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

39. Restrictions on lending of property other than money

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

39.2 Transactions permitted by paragraph 42 (Stock lending) are not to be regarded as lending for the purposes of paragraph 39.1.

39.3 The Scheme Property must not be mortgaged.

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

40. **General power to accept or underwrite placings**

- 40.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.
- 40.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 40.3 The exposure of the Company to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

41. **Guarantees and indemnities**

- 41.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 41.2 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.
- 41.3 Paragraphs 41.1 and 41.2 do not apply to in respect of the Company:
- 41.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
 - 41.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
 - 41.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

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

42. **Stock lending**

42.1 The entry into stock lending transactions or repo contracts for the account of the Company is permitted for the generation of additional income for the benefit of the Company, and hence for its investors. Such transactions should be in accordance with the rules in COLL 5.4 and only if the arrangement or contract is for the benefit of the Company and in the interests of its Shareholders.

42.2 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.

42.3 The stock lending permitted by this section may be exercised by the Company when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk.

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

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

42.4.2 the counterparty is:

42.4.2.1 an authorised person; or

- 42.4.2.2 a person authorised by a Home State regulator, or
 - 42.4.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
 - 42.4.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; and the Board of Governors of the Federal Reserve System; and
 - 42.4.2.5 high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 42.4.1 and collateral must be
 - (a) acceptable to the Depositary;
 - (b) adequate (within the meaning of COLL 5.4.6R); and
 - (c) sufficiently immediate.
- 42.5 The counterparty for the purpose of paragraph 42.4.2 is the person who is obliged under the agreement referred to in paragraph 42.4.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.
- 42.6 Paragraph 42.4.2.5 does not apply to a stock lending transaction made through Euroclear Bank S.A./N.V.'s Securities Lending and Borrowing Programme.
- 42.7 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary 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.
- 42.8 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

COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Company.

42.9 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions or repo contracts.

APPENDIX IV

List of other authorised collective investment schemes operated by the ACD

Authorised Investment Companies with Variable Capital

Knotts Investments Fund

The Beamish Fund

The Rectory Fund

The Serissa Fund

The Steelback Fund

TM Fulcrum NURS Funds

TM Fulcrum UCITS Funds

TM Opus Fund

Authorised Unit Trusts

The Mishka Fund

APPENDIX V

PAST PERFORMANCE TABLE FOR THE COMPANY AND INVESTOR PROFILE

The comparisons have been based on Income Shares for performance information over a five year period. The performance table shows the total annual return up to 31 December in each year listed.

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

| Share Class | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| | % | % | % | % | % |
| Income Shares | -4.97 | 8.37 | 9.19 | 10.13 | 0.30 |

Source: these performance figures have been derived from information extracted from information provided through Morningstar.

NOTE: Investors should note that these figures refer to the past and past information is not a reliable indicator of future results.

Appendix I sets out the Company's objectives and below for an explanation of the investor profile.

Investor profile

The Company is marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Company may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. It may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Company may be suitable for investors who are looking to set aside the capital for at least 5 years.

If you are uncertain whether the product is suitable for you, please contact your professional adviser.

The Company may be suitable for those investors wanting to achieve long term capital and income growth from a global portfolio of equities, bonds and collective investment schemes.

APPENDIX VI

LIST OF SUB-CUSTODIANS

As appropriate in line with Eligible Markets (Appendix II):

| Jurisdiction | Sub-custodian | Sub-custodian Delegate |
|--|---|--|
| Argentina | Citibank N.A., Buenos Aires Branch | Not applicable |
| Australia | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Australia Limited |
| Austria | UniCredit Bank Austria AG | Not applicable |
| Bahrain | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| Bangladesh | Standard Chartered Bank | Not applicable |
| Belgium | The Northern Trust Company | Not applicable |
| Bosnia and Herzegovina (Federation of Bosnia-Herzegovina) | Raiffeisen Bank International AG | Raiffeisen Bank Bosnia DD BiH |
| Bosnia and Herzegovina (Republic of Srpska) | Raiffeisen Bank International AG | Raiffeisen Bank Bosnia DD BiH |
| Botswana | Standard Chartered Bank Botswana Limited | Not applicable |
| Brazil | Citibank N.A., Brazilian Branch | Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM") |
| Bulgaria | Citibank Europe plc, Bulgaria Branch | Not applicable |

| | | |
|-----------------------|---|-----------------------------------|
| CD's - USD | Deutsche Bank AG, London Branch | Not applicable |
| CD's - USD | The Northern Trust Company, Canada | Not applicable |
| Canada | Royal Bank of Canada | Not applicable |
| Chile | Citibank N.A. | Banco de Chile |
| China A Share | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| China B Share | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| Colombia | Cititrust Columbia S.A. Sociedad Fiduciaria | Not applicable |
| Costa Rica | Banco Nacional de Costa Rica | Not applicable |
| Croatia | UniCredit Bank Austria AG | Zagrebacka Banka d.d. |
| Cyprus | Citibank Europe PLC | Not applicable |
| Czech Republic | UniCredit Bank Czech Republic and Slovenia, a.s. | Not applicable |
| Denmark | Skandinaviska Enskilda Banken AB (publ) | Not applicable |
| Egypt | Citibank N.A., Cairo Branch | Not applicable |
| Estonia | Swedbank AS | Not applicable |
| Finland | Skandinaviska Enskilda Banken AB (publ) | Not applicable |

| | | |
|---|---|----------------|
| France | The Northern Trust Company | Not applicable |
| Germany | The Northern Trust Company | Not applicable |
| Ghana | Standard Chartered Bank Ghana Limited | Not applicable |
| Greece | Citibank Europe PLC | Not applicable |
| Hong Kong | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Hong Kong (Stock and Bond Connect) | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Hungary | Citibank Europe plc | Not applicable |
| Iceland | Landsbankinn hf | Not applicable |
| India | Citibank N.A. | Not applicable |
| India | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Indonesia | Standard Chartered Bank | Not applicable |
| Ireland | The Northern Trust Company, London | Not applicable |
| Israel | Citibank, N.A., Israel Branch | Not applicable |
| Italy | Citibank Europe plc | Not applicable |
| Japan | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |

| | | |
|--------------------|---|-------------------------------|
| Jordan | Bank of Jordan Plc | Not applicable |
| Kazakhstan | Citibank Kazakhstan JSC | Not applicable |
| Kenya | Standard Chartered Bank Kenya Limited | Not applicable |
| Kuwait | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| Latvia | Swedbank AS | Not applicable |
| Lithuania | AB SEB bankas | Not applicable |
| Luxembourg | Euroclear Bank S.A./N.V. | Not applicable |
| Malaysia | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Malaysia Berhad |
| Mauritius | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Mexico | Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex | Not applicable |
| Morocco | Société Générale Marocaine de Banques | Not applicable |
| Namibia | Standard Bank Namibia Ltd | Not applicable |
| Netherlands | The Northern Trust Company | Not applicable |
| New Zealand | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Nigeria | Stanbic IBTC Bank Plc | Not applicable |

| | | |
|---------------------|---|-------------------------------|
| Norway | Skandinaviska Enskilda Banken AB (publ) | Not applicable |
| Oman | First Abu Dhabi PJSC, Oman Branch | |
| Pakistan | Citibank N.A., Karachi Branch | Not applicable |
| Panama | Citibank N.A., Panama Branch | Not applicable |
| Peru | Citibank del Peru S.A. | Not applicable |
| Philippines | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Poland | Bank Handlowy w Warszawie S.A. | Not applicable |
| Portugal | BNP Paribas SA | Not applicable |
| Qatar | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| Romania | Citibank Europe PLC | Not applicable |
| Russia | AO Citibank | Not applicable |
| Saudi Arabia | The Northern Trust Company of Saudi Arabia | Not applicable |
| Serbia | UniCredit Bank Austria A.G. | UniCredit Bank Serbia JSC |
| Singapore | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Slovakia | Citibank Europe PLC | Not applicable |

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| Slovenia | UniCredit Banka Slovenija d.d. | Not applicable |
| South Africa | The Standard Bank of South Africa Limited | Not applicable |
| South Korea | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| Spain | Citibank Europe plc | Not applicable |
| Sri Lanka | Standard Chartered Bank | Not applicable |
| Sweden | Skandinaviska Enskilda Banken AB (publ) | Not applicable |
| Switzerland | Credit Suisse (Switzerland) Ltd | Not applicable |
| Taiwan | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (Taiwan) Limited |
| Taiwan | Citibank Taiwan Limited | Not applicable |
| Tanzania | Standard Chartered Bank (Mauritius) Limited | Standard Chartered Bank Tanzania Limited |
| Thailand | Citibank N.A., Bangkok Branch | Not applicable |
| Tunisia | Union Internationale de Banques | Not applicable |
| Turkey | Citibank A.S. | Not applicable |
| Uganda | Standard Chartered Bank Uganda Limited | Not applicable |
| Ukraine (Market Suspended) | JSC "Citibank" | Not applicable |

| | | | |
|---------------------------------|-------------|--|---|
| United Emirates (ADX) | Arab | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |
| United Emirates (DFM) | Arab | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |
| United Emirates (NASDAQ) | Arab | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |
| United Kingdom | | Euroclear UK and Ireland Limited (Northern Trust self-custody) | Not applicable |
| United States | | The Northern Trust Company | Not applicable |
| Uruguay | | Banco Itau Uruguay S.A. | Not applicable |
| Vietnam | | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (Vietnam) Ltd |
| West Africa (UEMOA) | | Standard Chartered Bank (Mauritius) Limited | Standard Chartered Bank Cote d'Ivoire SA |
| Zambia | | Standard Chartered Bank Zambia PLC | Not applicable |
| Zimbabwe | | The Standard Bank of South Africa Limited | Stanbic Bank Zimbabwe Limited |

APPENDIX VII

DIRECTORY

**Authorised Corporate
Director:**

TUTMAN LLP

Exchange Building
St John's Street
Chichester PO19 1UP

Depositary:
Principal Place of Business:

**NatWest Trustee and Depositary
Services Limited**

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

Investment Managers:

Ruffer LLP

80 Victoria Street
London SW1E 5JL
www.ruffer.co.uk

Thesis Asset Management Limited

Exchange Building
St John's Street
Chichester PO19 1UP
www.thesisam.com

**Registrar, Administrator and
Fund Accountant:**

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

50 Bank Street, Canary Wharf, London
E14 5NT

Dealing Office:

Tutman LLP

Sunderland, SR43 4BN

Custodian:

Principal place of business:

The Northern Trust Company

50 South LaSalle Street, Chicago, Illinois,
USA

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

50 Bank Street, Canary Wharf, London E14
5NT

Auditor:

Deloitte LLP

1 New Street Square, London, United
Kingdom EC4A 3HQ

**The Financial Conduct
Authority (FCA):**

12 Endeavour Square
London E20 1JN