



THESIS UNIT TRUST MANAGEMENT LIMITED

## PROSPECTUS

for the following Authorised Unit Trust

### **The Darin Fund**

**This document is the Prospectus of The Darin Fund and is dated, and valid, as at 29 May 2024. This document replaces any previous prospectuses issued by the Scheme.**

This document has been prepared in accordance with the Collective Investment Schemes Sourcebook ("COLL"), as amended, or replaced from time to time, made by the Financial Conduct Authority.

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

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The Scheme is a UK UCITS established in the UK and will be marketed to the public in the UK. It is not intended that the Scheme will be marketed outside the UK.

The Manager, Thesis Unit Trust Management Limited, is responsible for the information contained in this Prospectus. To the best of the Manager’s knowledge and belief, (having

taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by COLL to be included in it. The Manager accepts responsibility accordingly.

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

The distribution of the Prospectus and the offering or purchase of Units in the Scheme may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an invitation to them to subscribe for Units unless, in the relevant jurisdiction, such an invitation could lawfully be made to them.

Accordingly this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Units in the Scheme to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Units in the Scheme should inform themselves as to legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Units in the Scheme which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933 as may be amended or re-enacted (the "1933 Act"), the United States Investment Company Act of 1940 (as may be amended or re-enacted (the "1940 Act") or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such state securities laws. Any re-offer or resale of the Scheme in the United States or to US Persons may constitute a violation of US law. The Scheme and the Manager have not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

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

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

## INTRODUCTION

This is the Prospectus for **The Darin Fund** (the 'Scheme'). In this Prospectus the following words and expressions shall have the following meanings:

## DEFINED TERMS

"ACS"	as defined in the FCA Glossary;
"Act"	the Financial Services and Markets Act 2000;
"Approved Bank"	means (in relation to a bank account opened for the Scheme): <ul style="list-style-type: none"><li>(a) if the account is opened at a branch in the United Kingdom:<ul style="list-style-type: none"><li>(i) the Bank of England; or</li><li>(ii) the central bank of a member state of the OECD; or</li><li>(iii) a bank; or</li><li>(iv) a building society; or</li><li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li></ul></li><li>(b) if the account is opened elsewhere:<ul style="list-style-type: none"><li>(i) a bank in (a) above; or</li><li>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li></ul></li><li>(c) a bank supervised by the South African Reserve Bank; or</li><li>(d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,</li></ul> as such definition may be updated in the FCA Glossary from time to time;
"AUT"	as defined in the FCA Glossary;
"Business Day"	any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open for business in the City of London;

"CASS"	the requirements relating to holding client assets and client money published by the FCA as part of their FCA Handbook as amended or replaced from time to time;
"CCP"	as defined in the FCA Glossary;
"COLL"	the Collective Investment Schemes sourcebook published by the FCA as part of the FCA Handbook of rules made under the Act as amended or replaced from time to time;
"Custodian"	the person who provides custody services to the Scheme, being The Northern Trust Company and its successor or successors as custodian;
"Data Protection Laws"	means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances: <ul style="list-style-type: none"> <li>i. the UK GDPR;</li> <li>ii. the Data Protection Act 2018;</li> <li>iii. any laws which implement any such laws; and</li> <li>iv. any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</li> <li>v. all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws;</li> </ul>
"Depositary Agreement"	means the agreement between the Manager and the Trustee regarding the appointment of the Trustee as depositary;
"Eligible Institution"	one of certain eligible institutions as defined in the FCA Glossary;
"EMIR"	as defined in the FCA Glossary;
"EUWA"	means the European Union (Withdrawal) Act 2018;
"FCA"	the Financial Conduct Authority or any successor regulatory body. The address for the Financial Conduct Authority is set out in Appendix 3;
"FCA Glossary"	the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time;
"FCA Handbook"	the FCA's Handbook of rules and guidance, including COLL, as amended or replaced 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 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;
"International Tax Compliance Regulations"	The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time;
"Non-UCITS retail scheme"	means 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 (SI 2001/1228), as amended or re-enacted from time to time;
"Register"	the register of unitholders of the Scheme;
"Rules"	the FCA Rules and any other regulations that may be made under section 262 of the Act and for the time being in force;
"Scheme Property"	means the property of the Scheme or a Sub-Fund (as appropriate) to be held by the Trustee for safekeeping, as required by the FCA Handbook;
"Sub-Fund" or "Sub-Funds"	a sub-fund of the Scheme (being part of the Scheme Property of the Scheme which is pooled separately) and to which specific assets and liabilities of the Scheme may be allocated and which is invested in accordance with the investment objective applicable to such Sub-Fund;
"SYSC"	the Senior Management Arrangements, Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time;
"Trust Deed"	the deed between the Manager and the Trustee constituting the Scheme as may be amended, varied, supplemented or replaced from time to time by agreement between the Manager and the Trustee;
"UCITS"	an undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA

	UCITS scheme, as defined in the FCA Glossary;
"UCITS Directive"	the European Parliament and Council Directive of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC), as amended;
"UK AIF"	as defined in the FCA Glossary;
"UK GDPR"	Regulation 2016/679 of the European Parliament and of the Council of 27 <sup>th</sup> April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) including as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union;
"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;
"Unit" or "Units"	a unit in the Scheme (including larger denomination units and fractions);
"Unitholder" or "Unitholders"	holder(s) of registered Units in the Scheme;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States or "US"	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
"US Persons"	a person who is in either of the following two categories: <ul style="list-style-type: none"> <li>(a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or</li> <li>(b) a person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission (<b>CFTC</b>) Rule 4.7,</li> </ul>

For the avoidance of doubt, a person is excluded from this definition of US Person only if they are outside both the definition of "U.S. person" in Rule 902 and the definition



of "Non-United States person" under CFTC Rule 4.7;

"VAT"

value added tax;

"1933 Act"

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

"1940 Act"

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

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

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

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

Unless otherwise defined in the "Defined Terms" section above or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.

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

## **1. STRUCTURE OF THE SCHEME**

The Scheme is marketable to all retail investors and is an authorised unit trust scheme. The Scheme is a UK UCITS for the purposes of COLL and complies with the conditions necessary for it to be classed as a UK UCITS. The Scheme is established in the UK and will be marketed to the public in the UK. It is not intended that the Scheme will be marketed outside the UK.

The Scheme was authorised by the Financial Services Authority and was established on 13 November 2003. The Financial Services Authority was superseded by the Financial Conduct Authority and the Prudential Regulation Authority in 2013. The FCA product reference number of the Scheme is 228905.

The Scheme is structured as an umbrella fund. At the date of this Prospectus one Sub-fund, the "Darin A Sub-Fund" (the "Sub-Fund"), is available for investment. The Sub-Fund's investment objectives and policy are set out at paragraph 3 below. The FCA product reference number for the Sub-Fund is 634475.

Each Sub-Fund belongs to the category of a UK UCITS as if it were itself an authorised unit trust Scheme.

Historical performance figures for the Scheme (or a Sub-Fund) are given at Appendix 1.

The base currency of the Scheme is pounds sterling.

Unitholders are not liable for the debts of the Scheme. Units in the Scheme are not listed or dealt in on any investment exchange.

The Scheme is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The Manager takes reasonable steps to ensure that each investment transaction carried out within the Scheme is suitable for the Scheme, having regard to the investment objective and policy of the Scheme. This Prospectus is intended to provide information to potential investors about the Scheme.

The Sub-Funds of the Scheme are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund will belong exclusively to that Sub-Fund and shall not be used to discharge directly or indirectly, the liabilities of, or claims against, any other person or body, including the Scheme, or any other Sub-Fund, and shall not be available for such purposes.

Refer to paragraph 24.5 "Sub-Funds" for further details regarding the allocation of charges and expenses between Sub-Funds.

Whilst the Trust Deed provides for segregated liability between Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the segregated liability provisions.

The Scheme shall continue in existence until wound up in accordance with the Rules. The Rules shall mean the FCA Rules and any other regulations that may be made under section 262 of the Financial Services and Markets Act 2000 and for the time being in force.

Details of the procedure, and circumstances in which the Scheme may be wound up (or a Sub-Fund terminated), are set out at "Manner of Winding-Up or Termination".

## **2. MANAGEMENT OF THE SCHEME**

### **2.1. The Authorised Fund Manager**

The Manager is Thesis Unit Trust Management Limited, a private company limited by shares incorporated in England and Wales, under Companies Act 1985 on 6 February 1998 with company number 3508646.

Registered office and head office:	Exchange Building St John's Street Chichester West Sussex PO19 1UP
	Telephone number: 01243 531234

Share Capital:	Issued and paid up £5,673,167
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Directors of the Manager:

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

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

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

The Manager is authorised and regulated by Financial Conduct Authority and is authorised to carry on certain permitted regulated activities in the United Kingdom in accordance with the Act.

Thesis Unit Trust Management Limited may act as the authorised fund manager to other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Appendix 5.

## **Delegated functions**

The Manager has delegated its administration, registration and fund accountant functions to Northern Trust Global Services SE, UK branch. In addition the function of investment management has been delegated to Thesis Asset Management Limited.

### **2.2.The Trustee**

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

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

The Trustee's registered and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Scheme is set out in Appendix 3.

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

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

#### **a. Duties of the Trustee**

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

#### **b. Terms of Appointment**

The appointment of the Trustee as trustee has been made under the terms of the trust deed between the Manager and the Trustee (the **Trust Deed**). The Trustee has also been appointed as the depositary of the Scheme pursuant to the Depositary Agreement.

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

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

Under the Depositary Agreement the Trustee has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Trustee has delegated custody of the Scheme Property to The Northern Trust Company (the 'Custodian'). Contact details for the Custodian are set out in Appendix 3. The Custodian has, in turn, sub-delegated the custody of assets in certain markets in which the Scheme may invest to various sub-delegates ("sub-custodians").

A list of sub-custodians is set out in Appendix 4. 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 Trustee 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 Trustee to properly fulfil its obligations under the Depositary Agreement.

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

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

Details of the fees payable to the Trustee are set out in "Charges and Expenses of the Scheme" under paragraph 24.2.

#### **c. Conflicts of interest**

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

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

As the Trustee operates independently from the Scheme, Unitholders, the Manager and the Custodian, the Trustee does not anticipate any conflicts of interest arising between it and any of the aforementioned parties.

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

#### **d. Updated Information**

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

### **2.3. The Investment Manager**

The Manager is responsible for the overall investment management and administration of

the Scheme.

The Manager has delegated its day-to-day responsibility for investment management of the Scheme to Thesis Asset Management Limited ("**TAM**"). TAM is a private limited company incorporated in England whose number is 1802101. The registered office and principal place of business is at the address set out in Appendix 3.

TAM is authorised to carry on investment business by virtue of its authorisation and regulation by the Financial Conduct Authority.

TAM is connected with the Manager, as it is in the same group as the Manager.

The appointment of the Investment Manager has been made under an agreement between the Manager and the Investment Manager (the '**Investment Management Agreement**').

TAM has full discretionary powers over the investment of the Scheme Property of the Scheme subject to the overall responsibility and right of veto of the Manager. The Investment Management Agreement is terminable at any time on written notice by the Manager and on three months' written notice by the Investment Manager. The Investment Management Agreement may be terminated immediately by the Manager if it is in the interests of investors.

The Investment Manager will be liable for certain losses suffered by the Manager or the Scheme subject, in the absence of fraud, to certain limitations on the Investment Manager's liability.

The principal activities of TAM are managing and advising on investments. TAM is authorised to deal on behalf of the Scheme. The Investment Manager is required to comply with its own execution policy. A copy of the Investment Manager's execution policy is available on request from the Manager, or may be available from the Investment Manager's website, listed in Appendix 3.

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

The Manager has delegated specific functions to Northern Trust Global Services SE, UK branch.

The following functions are delegated: the function of register relating to the Register (as the 'Registrar') and certain administrative and fund accountancy services as the administrator of the Scheme (as 'Administrator' and 'Fund Accountant').

The address for Northern Trust Global Services SE, UK branch is set out in Appendix 3.

#### **2.5. The Register**

The Register is kept and may be inspected at the Registrar's office located at 50 Bank Street, Canary Wharf, London E14 5NT.

#### **2.6. The Auditors**

The Auditors of the Scheme are KPMG LLP. KPMG LLP's principal place of business is at the address set out in Appendix 3.

### **3. INVESTMENT OBJECTIVES, POLICY AND INVESTOR PROFILE**

#### **Darin A Sub-Fund**

##### **Investment Objective**

The portfolio will be constructed to provide a balanced return from income and growth, net of fees over the longer term (5 year rolling period).

##### **Investment Policy**

The Sub-Fund will aim to achieve its objective through a diversified portfolio spread across global markets. There will be no emphasis placed on any particular economic, industrial or geographical sector.

The Sub-Fund's exposure will be mainly to equities. Typically, the minimum allocation will be 90%, however, this may be lower (approx. 60%) during times of market stress (including a market crash/unforeseen event or circumstance).

The Sub-Fund will usually obtain this exposure through investment in collective investment vehicles (regulated and unregulated which may include other schemes managed by the Manager, an associate, or the Investment Manager). At least 85% will be invested in collective investment vehicles but this figure may be higher (up to 100%) depending on the Investment Manager's current views.

The Sub-Fund may also invest (directly or indirectly) in other transferable securities, such as bonds, money market instruments, deposits and cash or near cash investments. It may also gain exposure to alternative investments (i.e. commodities) via permitted investments (i.e. equities, bonds, and collective investment vehicles).

Normally, the Sub-Fund will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of Units) and efficient management of the Sub-Fund both generally and in relation to its strategic objectives. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Sub-Fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near instruments held would be increased beyond the limits described above.

In addition, the Sub-Fund may enter into derivative transactions for Efficient Portfolio Management (including hedging).

The Sub-Fund is actively managed, which means the Investment Manager decides which investments to buy and sell and when.

##### **Performance Comparator**

The Sub-Fund uses the ARC Equity Risk PCI (GBP) benchmark for performance comparison purposes only. This benchmark is not a target benchmark and the Sub-Fund is not constrained by it.

The ARC Equity Risk PCI (GBP) Peer group is a risk based index that is designed to provide

an accurate reflection of the actual returns an investor can expect for a given risk appetite. For the ARC Equity Risk PCI Peer group the relative risk to equity markets is 80-110%. This peer group has been selected as a comparator because this risk is aligned with the Sub-Fund's equity exposure as defined in the Sub-Fund's investment policy.

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

### **Investor Profile**

The Sub-Fund is suitable for any type of investor. The Sub-Fund is suitable for investors who are prepared to set aside capital for at least five years and the investor must be able to accept the risk of losses. It is designed for the investment objective of building up capital. For investors holding a portfolio of securities, it can play the role of a core position.

## **4. INVESTMENT AND BORROWING POWERS**

### **4.1. General**

The investment objectives and policies set out in paragraph 3 are subject to the limits on investment under COLL. These limits are summarised below.

The Scheme will not maintain an interest in immovable property or tangible moveable property.

Subject to the terms of these limits, the whole of the property of the Scheme may be invested in any of the permitted classes of assets described below.

Under normal circumstances, the Manager would expect substantially all of the assets of the Scheme to be invested in investments appropriate to the Scheme's investment objectives, with not more than 10% held in cash.

The Manager may, however, hold cash or near cash to the extent this is reasonably necessary to enable pursuit of the Scheme's investment objectives, the redemption of Units, the efficient management of the Scheme or other purposes ancillary to the Scheme's investment objectives.

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

In this "Investment and Borrowing Powers" section, the value of the Scheme Property of the Sub-Fund means the net value determined in accordance with COLL 6.3, after deducting any outstanding borrowings, whether immediately due to be repaid or not.

When valuing the Scheme Property for the purposes of this "Investment and Borrowing Powers" section:

- (1) the time as at which the valuation is being carried out (the **relevant time**) is treated as if it were a valuation point, but the valuation and the relevant



time do not count as a valuation or a valuation point for the purposes of COLL 6.3;

- (2) initial outlay is to be regarded as remaining part of the Scheme Property; and
- (3) if the Manager, having taken reasonable care, determines that the Scheme will become entitled to any unrealised profit which has been made on account of a transaction in derivatives, that prospective entitlement is to be regarded as part of the Scheme Property.

## **Permitted types of Scheme Property**

### **4.2.Approved Securities**

The Scheme Property may be invested in approved securities with no maximum limit. In order to qualify as an approved security, the market upon which the security is traded must meet certain criteria as laid down in COLL.

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

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

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

The eligible securities markets are set out in Appendix 2.

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

- a. the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- b. such admission is secured within a year of issue.

### **4.3.Transferable Securities**

- a. Transferable securities are, in general terms, shares, debentures, government and public securities, warrants or certificates representing certain securities. Not more than 10% in value of the Scheme Property can be invested in transferable securities which are not approved securities.
- b. The Scheme Property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to believe that the amount of any existing and potential call for any sum is unpaid could be paid by the Scheme, at the time when payment is required, without contravening the requirements of COLL.
- c. The Scheme may invest in a transferable security only to the extent that the security fulfils the following criteria:
  - i. the potential loss which the Scheme may incur with respect to holding the security is limited to the amount paid for it;
  - ii. its liquidity does not compromise the Manager's ability to comply with its obligation to redeem Units at the request of any qualifying unitholder;
  - iii. reliable valuation is available for it as specified in COLL;
  - iv. appropriate information is available for it as set out in COLL;
  - v. it is negotiable; and
  - vi. its risks are adequately captured by the Manager's risk management process (please refer to paragraph 28.13).
- d. Unless there is information available to the Manager that would lead to a different determination, a security which is admitted to or dealt in on an eligible market shall be presumed to satisfy criteria (ii) and (v) in paragraph (c) above.
- e. A unit in a closed ended fund shall be taken to be a transferable security for the purposes of investment by the Scheme provided it fulfils criteria (i) to (vi) in paragraph (c) above, and either:
  - i. where the closed ended fund is constituted as an investment company or a unit trust:
    - 1. it is subject to corporate governance mechanisms applied to companies; and
    - 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
  - ii. where the closed ended fund is constituted under the law of contract:
    - 1. it is subject to corporate governance mechanisms equivalent to those applied to companies; and

2. it is managed by a person who is subject to national regulation for the purpose of investor protection.
- f. The Scheme may invest in an investment which shall be taken to be a transferable security provided it:
- ii. fulfils the criteria for transferable securities set out in paragraph (i) to (vi) in paragraph (c) above; and
  - iii. is backed by or linked to the performance of other assets, which may differ from those in which the Scheme can invest.

However, where such an investment contains an embedded derivative component, the requirements of COLL with respect to derivatives and forwards will apply to that component.

#### **4.4.Approved Money Market Instruments**

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.

An approved money-market instrument is regarded as normally dealt in on the money market if it:

- a. has a maturity at issuance of up to and including 397 days;
- b. has a residual maturity of up to and including 397 days;
- c. undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- d. has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) or (b) above or is subject to yield adjustments as set out in (c) above.

An approved money-market instrument is regarded as liquid if it can be sold at limited cost in an adequately short timeframe, taking into account the obligation of the Manager to redeem Units at the request of any qualifying unitholder.

An approved money-market instrument is regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfils the following criteria are available:

- a. enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- b. based either on market data or on valuation models including systems based on amortised costs.

An approved money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market is presumed to be liquid and have

a value which can be accurately determined at any time unless there is information available to the Manager which would lead to a different determination.

Except as set out below, approved money market instruments held by the Scheme must be admitted to or dealt in an eligible market.

Not more than 20% in value of the Scheme Property is to consist of money market instruments which are not:

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

#### **4.5. Derivatives and Forward Transactions**

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

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

Any use of derivative instruments, and transactions made, would be in accordance with COLL, and specifically COLL 5.3.11(G).

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

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

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

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives described below.

A transaction in a derivative must not cause the Scheme to diverge from its investment objectives as stated in this Prospectus.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, 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..

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

The Scheme may not undertake transactions in derivatives on commodities.

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

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

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

A transaction in an OTC derivative must be:

- a. with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:
  - i. an Eligible Institution or an Approved Bank; or
  - ii. a person whose permission (including any requirements or limitations), as published in the Financial Services Register provided by the FCA, permits it to enter into the transaction as principal off-exchange;
  - iii. a CCP that is authorised in that capacity for the purposes of EMIR;
  - iv. a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR;
  - v. 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.
- b. on approved terms. The terms of the transaction in derivatives are approved only if the Manager:
- i. 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 on market quotations by the counterparty; and
  - ii. can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
- c. capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager 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;
- i. on the basis of an up to date market value which the Manager and the Trustee have agreed is reliable; or
  - ii. if the value referred to in (c)(i) above is not available on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- d. 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:
- i. an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
  - ii. a department within the Manager which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

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

For the purposes of paragraph (b)(ii) above '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.

The Trustee must take reasonable care to ensure that the Manager has systems and controls that are adequate to ensure compliance with paragraphs (a) to (d) above.

The following additional provisions apply:

The Manager must:

- a. establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of the Scheme to OTC derivatives; and
- b. ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

Where the arrangements and procedures referred to in paragraph (a) above involve the performance of certain activities by third parties the Manager must comply with the requirements of SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6A4R (4) to (6) (Due diligence requirements for Managers of UK UCITS).

The arrangements and procedures referred to in paragraph (a) above must be:

- a. adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
- b. adequately documented.

The Scheme may invest in derivatives and forward transactions as part of its investment policy provided:

- a. its global exposure relating to derivatives and forward transactions held in the Scheme do not exceed the net value of the Scheme Property;
- b. its global exposure to the underlying assets do not exceed in aggregate the investment limits laid down in the 'Spread' section set out below.

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

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 time available to liquidate the positions.

The Manager must calculate the global exposure of the Scheme either as:

- a. the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL 5.2.19(R)(3A), which may not exceed 100% of the net value of the property of the Scheme by way of the commitment approach; or
- b. the market risk of the property of the Scheme by way of the value at risk approach.

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

- a. the investment strategy pursued by the Scheme;

- b. the types and complexities of the derivatives and forward transactions used; and
- c. the proportion of the Scheme Property comprising derivatives and forward transactions.

Where the Scheme employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.

For the purposes of this section, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

Where the Manager uses the commitment approach for the calculation of global exposure, it must:

- a. ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19(R)(3A), whether used as part of the Scheme's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
- b. convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

The Manager may apply other calculation methods which are equivalent to the standard commitment approach.

For the commitment approach the Manager may take account of netting and hedging arrangements when calculating global exposure of the Scheme, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

Where the use of derivatives or forward transactions does not generate incremental exposure for the Scheme, the underlying exposure need not be included in the commitment calculation.

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Scheme need not form part of the global exposure calculation.

The eligible derivatives markets are set out in Appendix 2.

**Approved derivatives transactions are for the purpose of both hedging and meeting the investment objectives of the Scheme. It is, therefore, anticipated that the outcome of the use of derivatives would be principally to hedge against currency risks and to reduce rather than to increase the risk profile of the Scheme. Movements in currencies may, however, render such hedging ineffective. If derivatives are used for investment purposes, the net asset value of the Sub-Funds may in consequence be highly volatile at times and the risk profile of the Scheme may be increased. This would also be the case if the Sub-Funds used Warrants as described below. However, it is the**



**Manager's intention that the Sub-Funds, owing to their portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.**

#### **4.6. Deposits**

**The Scheme 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.**

#### **4.7. Collective Investment Schemes**

Each Sub-Fund may invest in units in a regulated collective investment scheme (the 'second scheme') provided that the second scheme satisfies all of the following conditions, and provided that not more than 30% of the value of the Scheme will be invested in second schemes within paragraphs b to e below:

- a. it is a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA;
- b. it is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met (see paragraph (i) below)); or
- c. it is authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1)(a), (3) and (4) are met); or
- d. it is authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or
- e. it is authorised by the competent authority of an OECD member country (other than an EEA State) which has:
  - i. signed the IOSCO Multilateral Memorandum of Understanding; and
  - ii. approved the scheme's management company, rules and depositary/custody arrangements;(provided the requirements of COLL 5.2.13AR are met);
- f. it complies with the rules on investment in associated collective investment schemes and other group schemes (see below);
- g. it has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes; and
- h. Subject to the restrictions above, investment may be made in other collective investment schemes managed by the Manager or an associate of the Manager, provided that the Manager makes good to the Scheme certain amounts specified in COLL 5.2.16R. There is no limit on the

extent of the property of the Scheme that may be invested in such schemes.

- i. 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).
- j. Where the second scheme is an umbrella, the provisions in paragraphs g and i above and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.

Where a substantial proportion of the Scheme's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the Sub-Fund, and to the other collective investment schemes in which it invests, should not exceed 2% per annum plus VAT (if applicable).

i) The requirements of COLL 5.2.13AR are that:

(1) the second scheme is an undertaking:

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

(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;

(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 asset segregation, borrowing, lending and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of Section 5 of COLL; and

(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.

ii) Where the Scheme makes an investment in, or disposal of, units or shares of a second scheme detailed in paragraph i above and there is a charge in respect of such investment or disposal, the Manager must pay the Scheme the amount referred to in either paragraph iii below or paragraph iv below within four Business Days following the date of the agreement to invest or dispose.

iii) When an investment is made, the amount referred to in paragraph ii is either:

- (1) any amount by which the consideration paid by the Scheme 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

- (2) if such price cannot be ascertained by the Manager, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.
- iv) When a disposal is made, the amount referred to in paragraph ii above 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.
- v) In paragraph iii and iv above:
  - (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 or dilution adjustment, is to be treated as part of the price of the units and not as part of any charge; and
  - (2) any switching 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.

#### **4.8.Warrants**

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

**A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.**

#### **5. SPREAD: GENERAL**

**5.1.** This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 6 applies.

**5.2.**The specific limits are set out as follows:

5.2.1. for the purposes of this paragraph 5, companies included in the same group for the purposes of consolidated accounts as defined in section 399 of the Companies Act 2006, Directive 2013/34/EU, or in the same group in accordance with international accounting standards, are regarded as a single body.

5.2.2. not more than 5% of the value of the Scheme Property of each Sub-Fund is to consist of transferable securities or approved money market instruments issued by any single body (in application of which certificates representing certain securities are treated as equivalent to the underlying security) but the figure of 5% may be increased to 10% in respect of up to 40% of the value of the Scheme Property;

5.2.3. not more than 20% in value of the Scheme Property of the Sub-Fund is to consist of deposits with a single body;

- 5.2.4. the exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of the Sub-Fund (or 10% where the counterparty is an approved bank);
- 5.2.5. not more than 20% in value of the Scheme Property of a Sub-Fund is to consist of transferable securities or approved money market instruments issued by the same group;
- 5.2.6. not more than 20% in value of a Sub-Fund is to consist of the units of any one collective investment scheme;
- 5.2.7. in applying the limits in 5.2.2, 5.2.3 and 5.2.4, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- i. transferable securities or approved money market instruments issued by;
  - ii. deposits made with; or
  - iii. exposure from OTC derivatives transactions made with;  
a single body;
- b. the Manager must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs (5.2.4) and (5.2.7) above;
- c. where calculating the exposure of the Scheme to a counterparty in accordance with the limits set out in paragraph (5.2.4), the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty;
- d. the Manager may net the OTC derivative positions for the Scheme with the same counterparty; provided:
- i. it is able, legally, to enforce netting arrangements with the counterparty on behalf of the Scheme; and;
  - ii. the netting agreements referred to above do not apply to any other exposures the Scheme may have with that same counterparty;
- e. the Manager may reduce the exposure of the Scheme Property to a counterparty to an OTC derivative transaction 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;
- f. the Manager must take collateral into account in calculating exposure to counterparty risk in accordance with the limits set out in paragraph (5.2.4) when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the Scheme;

- g. collateral passed in accordance with paragraph (f) above may be taken into account on a net basis only if the Manager is able, legally, to enforce netting arrangements with this counterparty on behalf of the Scheme;
- h. the Manager must calculate the issuer concentration limits (referred to in the paragraphs above) on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach; and
- i. in relation to exposures arising from OTC derivative transactions, as referred to paragraph (5.2.7), the Manager must include in the calculation any counterparty risk relating to the OTC derivatives transactions.

## **6. SPREAD: GOVERNMENT AND PUBLIC SECURITIES**

6.1.1. The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:

- i. the UK or an EEA State;
- ii. a local authority of the UK or an EEA State;
- iii. a non-EEA State; or
- iv. a public international body to which the UK or one or more EEA States belong.

6.1.2. Where no more than 35% in value of the Scheme Property of each Sub-Fund 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.

**6.1.3. The Scheme may invest more than 35% in value of the Scheme Property of each Sub-Fund in such securities issued by any one body, provided that:**

- a. the Manager has before any such investment consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Scheme;**
- b. no more than 30% in value of the Scheme Property consists of such securities of any one issue; and**
- c. the Scheme Property includes such securities issued by that or another issuer, of at least six different issues.**

**6.1.4. In relation to such securities:**

- a. issue, issuer and issuer include guarantee, guaranteed and guarantor; and**

- b. 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.**

6.1.5. Notwithstanding paragraph 5.1 and subject to paragraphs 5.2.3 and 5.2.1 above, in applying the 20% limit in paragraph 5.2.3 with respect to a single body, such securities issued by that body shall be taken into account.

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

- a. the Government of the United Kingdom; and**
- b. the Government of the United States of America.**

## **7. SIGNIFICANT INFLUENCE**

In addition to any constraint contained above, the Scheme may not acquire or hold:

- a. transferable securities issued by a body corporate carrying in aggregate 20% or more of the votes which may be cast at a general meeting of that body corporate;
- b. non-voting shares representing more than 10% of the issued share capital of the issuing body corporate;
- c. more than 25% of the units of a collective investment scheme;
- d. more than 10% of the debt securities issued by any single issuing body;  
or
- e. more than 10% of the approved money market instruments issued by a single body.

## **8. GENERAL**

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

The restrictions on investment set out above are tighter than those imposed by COLL in the following respect under the heading "Deposits", COLL does not require a certain rating for an Approved Bank.

## **9. BORROWING POWERS**

The Trustee of the Scheme may, in accordance with COLL and with the instructions of the Manager, borrow sums of money for the use of each Sub-Fund on terms that the borrowing is repayable out of the property of the relevant Sub-Fund. The power to borrow is subject to the obligation of the Scheme to comply with any restriction in the Trust Deed constituting the Scheme.

The Manager must ensure that borrowing is on a temporary basis and that borrowings are not persistent. For this purpose the Manager must have regard in particular to:

- a) the duration of any period of borrowing; and
- b) the number of occasions on which it has resorted to borrowing in any period.

Such borrowings must be made from the eligible institutions and the period of borrowings must not exceed three months without the prior written consent of the Trustee. Borrowings must not exceed 10 per cent of the value of the property of the relevant Sub-Fund of the Scheme.

Borrowings may be made from the Trustee of the Scheme or an associate of it at a normal commercial interest rate.

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.

In this section, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.

## **10. EFFICIENT PORTFOLIO MANAGEMENT**

The Manager may utilise the property of the Scheme to enter into transactions for the purpose of efficient portfolio management. There is no limit on the amount of the property of the Scheme which may be used for these purposes, but there are three broadly based requirements which the Manager has adopted:

The transactions must be economically appropriate for the purposes of efficient portfolio management.

The exposure must be fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise.

The transactions must be entered into for one or more three specific aims, namely:

- a. the reduction of risk;
- b. the reduction of cost; or
- c. the generation of additional capital or income for the Scheme with a level of risk which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in COLL.

The first two aims, together or separately, allow for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.

Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying Scheme Property away from a currency which the Manager considers to be unduly prone to risk.

### **Economically Appropriate**

The guidelines adopted by the Manager, under which the Scheme will operate are:

- a. Any transaction must be one which (alone or in combination with one or more of others) is reasonably believed by the Scheme to be economically appropriate to the efficient portfolio management of the Scheme.
- b. This means that the Manager reasonably believes risk that:
  - i. for transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
  - ii. for transactions undertaken to generate additional capital or income, the Scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;

The transaction may not be entered into if its purpose could reasonably be regarded as speculative.

Where the transaction relates to the actual or potential acquisition of transferable securities, the Manager must intend that the Scheme should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within that reasonable time.

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

## **11. THE CHARACTERISTICS OF UNITS IN THE SCHEME**

### **Class of Units**

The Trust Deed permits the issue of both income and accumulation Units in respect of each Sub-Fund. Currently, both classes of Units are available.

Net income receivable in respect of income Units is distributed to Unitholders. Holders of accumulation Units are not entitled to be paid the income attributable to such Units, but that income is automatically transferred to (and retained as part of) the capital assets of the Scheme at the end of the relevant distribution period and is reflected in the price of an accumulation Unit. An income Unit represents one undivided share in the capital property of the Sub-Fund. An accumulation Unit represents one undivided share in the capital property plus further shares relating to net income retained. Each undivided share ranks pari passu with the other undivided shares in the Sub-Fund.

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

## **12. ACCOUNTING AND INCOME DISTRIBUTION DATES**

The Scheme's annual accounting reference and half yearly accounting dates are:

Annual Accounting Reference Date:            31 March



Annual Income Allocation Date:	31 July
Half Yearly Accounting Date:	30 September
Half Yearly Income Allocation Date:	30 November

Distributions of income for the Scheme are made on or before the annual income allocation date and on or before the half yearly income allocation date each year.

Each holder of income Units is entitled, on the half yearly and annual income allocation dates, to the net income attributable to their holding.

The income available for distribution is determined in accordance with the Trust Deed and COLL. It comprises all income received or receivable for the account of the Scheme in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting with Scheme's auditors, in accordance with COLL, in relation to taxation and other matters.

The Manager reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

Any distribution that remains unclaimed for a period of six years after the distribution became due for payment will be forfeited and shall revert to the Scheme.

On the income allocation dates, an amount, as determined by the Manager, is paid to those Unitholders who are entitled to the distribution by reference to their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the unitholder's nominated bank account. If the income allocation date is a non-Business Day, payment will be made on the next Business Day.

The annual and half-yearly reports will be published within four months after end of each annual accounting period and two months after end of each half-yearly accounting period. Copies of the most recent annual and half-yearly long reports may be inspected at the Manager's registered office and may be obtained, free of charge, from the Manager.

### **13. CERTIFICATES AND TITLE**

No certificates are issued to Unitholders.

Title to Units is evidenced by the entry on the Register; Unitholders may but need not support an instruction to the Manager by enclosing the contract note or the most recent annual statement or copies of such documents.

### **14. MEETINGS OF UNITHOLDERS, VOTING RIGHTS AND CHANGES TO THE SCHEME**

A meeting of Unitholders duly convened and held may, by extraordinary resolution, effect certain matters including:

- a. authorise any modification, alteration or addition to the provisions of the Trust Deed relating to the Scheme which have been properly put forward;

- b. authorise the departure by the Manager from a policy statement or set of investment objectives included in the Prospectus;
- c. remove the Manager (or determine that the Manager be removed as soon as this is permitted by law); and
- d. approve a proposed scheme of amalgamation or of reconstruction put forward by the Manager.

A meeting of Unitholders has no powers other than those contemplated by COLL.

Unitholders must receive at least 14 days' notice of any meeting of Unitholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy. The quorum at a meeting of Unitholders shall be two Unitholders present in person or by proxy. At any meeting of Unitholders, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote.

On a poll, every Unitholder who is present in person or by proxy shall have one vote for every complete undivided share in the property of the Scheme and a further part of one vote proportionate to any fraction of such an undivided share of which they are the unitholder. A Unitholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.

Any resolution put to a meeting of Unitholders will be proposed as an extraordinary resolution which to be passed requires a majority of 75% of the total number of votes cast for and against such a resolution.

In the context of despatch of notice, "Unitholders" means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

The manner in which notices, or documents, are served on Unitholders is set out in paragraph 28.2 below.

In the context of voting, "Unitholders" means the persons who were entered on the Register seven days before the notice of meeting was given but excluding any persons who are known not to be entered on the Register at the date of the meeting.

The Manager is not entitled to vote at or be counted in a quorum at a meeting of Unitholders in respect of Units held or deemed to be held by the Manager, except where the Manager holds Units on behalf of, or jointly with, a person who, if themselves as the sole registered unitholder would be entitled to vote, and from whom the Manager has received voting instructions. Associates of the Manager are entitled to be counted in a quorum and, if they hold Units on behalf of a person who would have been entitled to vote if they had been a registered unitholder and they have received voting instructions from that person, may vote in respect of such Units pursuant to such instructions.

Changes to the Scheme are classified as fundamental, significant or notifiable.

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

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

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

- a. affects a unitholder's ability to exercise their rights in relation to their investment;
- b. would reasonably be expected to cause the unitholder to reconsider their participation in the Scheme;
- c. results in any increased payments out of the Scheme Property to the Manager or an associate of the Manager; or
- d. materially increase other types of payment out of the Scheme Property.

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

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

## **15. PRICING OF UNITS**

### **15.1. Valuation of Property**

The valuation of the Scheme will take place at daily intervals at 12.00 noon on each Business Day (the "Valuation Point"). The valuation determines the net asset value of the Scheme.

The Manager calculates prices at which investors buy and sell Units, in accordance with the provisions of dual pricing method set out below. The basis of the calculations is the value of the underlying assets of the Sub-Fund. Each Sub-Fund is valued either on a bid basis or offer basis, as appropriate. The maximum permitted spread is wider than the spread the Manager normally quotes for dealing, but the Manager may deal at any prices calculated in accordance with the provisions set out below and notified to the Trustee. The maximum offer price may not exceed the total of the issue price plus the

preliminary charge and the minimum bid price may not be less than the cancellation price minus the redemption charge (if applicable).

The issue price is the price each Unit payable by the Manager to the Trustee on the issue of new Units by the Trustee.

The issue price is calculated as follows:

- a. take the proportion, attributable to the Units of the class in question, of the value on the issue basis of the Scheme Property of the relevant class in question, of the value on the issue basis of the Scheme Property of the relevant Sub-Fund by reference to the most recent valuation of the Scheme Property;
- b. compute the number of Units of the relevant class in issue immediately before the valuation in (a);
- c. divide the total at (a) by the number of Units at (b); and
- d. express the price in a form that is accurate to at least four significant figures.

The cancellation price is the price for each Unit payable by the Trustee to the Manager on the cancellation of a Unit by the Trustee.

The cancellation price is calculated as follows:

- a. take the proportion, attributable to the Units of the class in question, of the value on the cancellation basis of the Scheme Property of the relevant Sub-Fund by reference to the most recent valuation of the Scheme Property;
- b. compute the number of Units of the relevant class in issue immediately before the valuation in (a);
- c. divide the total at (a) by the number of Units at (b); and
- d. express the price in a form that is accurate to at least four significant figures.

The Manager may suspend dealing in a Sub-Fund if it cannot obtain prices on which to base a valuation. The Manager may, with the Trustee's prior agreement or if the Trustee requires it, temporarily suspend the repurchase of Units if either the Manager or the Trustee considers that, due to exceptional circumstances, it is in the best interests of Unitholders. Further details on suspending dealing are set out in the 'Suspension, mandatory cancellation and redemption' paragraph below.

The Manager's periodic charge (which is taken into account in valuations) is based upon values midway between offer and bid basis.

For the purpose of the pricing of Units, a Business Day is defined as a day on which the dealing office of the Manager is open for the buying and selling of Units. The Manager may at any time during a Business Day carry out an additional valuation of the property of as Sub-Fund if the Manager considers it desirable to do so.

Each Sub-Fund will be valued on a net asset value basis to determine the price of the Units ('NAV price'). Units will be redeemed at the NAV price and purchased at a price that includes preliminary charge at the rate applying to the Sub-Fund (see 'Charges and Expenses of the Scheme'). Out of the preliminary charge, the Manager may pay commission to qualifying intermediaries.

A valuation is in two parts, one on an issue basis and one on a cancellation basis.

To convert to base currency the value of property which would otherwise be valued in another currency the Manager must either:

- a. select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the Manager would normally deal if it wished to make such a conversion; or
- b. invite the Trustee to agree that it is in the interests of Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

The net asset value of the property of the Sub-Fund shall be the value of its assets less the value of its liabilities determined (inter alia) in accordance with the following provisions.

All the property of a Sub-Fund (including receivables) is to be included when valuing the Sub-Fund, subject to the following provisions:

- a. if the Trustee has been instructed to issue or cancel Units, assume (unless the contrary is shown) that:
  - i. it has done so;
  - ii. it has paid or been paid for them; and
  - iii. all consequential action taken by these provisions or by the Trust Deed has been taken;
- b. if the Trustee has issued or cancelled Units but consequential action as at (a) (iii) is outstanding, assume that it has been taken;
- c. if agreements for the unconditional sale or purchase of property are in existence but incomplete, assume:
  - d. completion; and
  - e. that all consequential action required by their terms has been taken;
  - f. do not include in (c) any agreement which is:

The valuation of property for that part of the valuation which is on a creation basis is as follows:

Property	to be valued at
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(a)	Cash	nominal value
(b)	Amounts held in current and deposit accounts	nominal value
(c)	Property which is not within (a), (b) or (d)	
	(i) if Units in a dual-priced authorised fund	except where Note 1 applies, the most recent maximum sale price less any expected discount (plus dealing costs as set out in Note 2)
	(ii) if Units in a single-priced authorised fund	the most recent price (plus dealing costs set out in Notes 2 and 3)
	(iii) if any other investment	best available market dealing offer price on the most appropriate market in a standard size (dealing costs as set out in Note 2)
(d)	Property which is a derivative under the terms of which there may be liability to make, for the account of the Sub-Fund, further payments (other than charges, and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out	
	(i) if a written option	to be deducted at a net valuation of premium (see Notes 5 and 8)
	(ii) if an off-exchange future	net value on closing out (see Notes 6 and 8)
	(iii) if any other such property	net value of margin of closing out (whether as a positive or negative figure) (see Notes 7 and 8)

### Notes

1. The issue price is taken, instead of the maximum sale price, if the Manager of the fund whose Scheme Property is being valued is also the Manager, or an associate of the Manager, of the fund whose Units form part of the property.
2. "Dealing costs" means any fiscal charges, commission or other charges payable in the event of the fund carrying out of the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the fund are the least that could reasonably be expected in order to carry out the transaction. On the issue basis, dealing costs exclude any preliminary charge on sale of units in a fund.

3. Dealing costs under Note 2 include any dilution levy or SDRT provision which would be added in the event of a purchase by the fund of the units in question but, if the Manager of the fund being valued, or an associate of the Manager, is also the Manager of the fund whose units are held by the fund, must not include a preliminary charge which would be payable in the event of a purchase by the fund of those units.
4. The buyer's price is the consideration which would be paid by a buyer for an immediate transfer or assignment (or, in Scotland, assignation) to them at arm's length.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; but deduct dealing costs.
6. Estimate the amount of profit or loss receivable or incurable by the fund on closing out the contract. Deduct minimum dealing costs in the case of profit and add them in the case of loss.
7. Estimate the amount of margin (whether receivable or payable by the fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded. If that amount is receivable (for example, the contract is "in the money") deduct minimum dealing costs. If, however, that amount is payable (for example, the contract is "out of money") then add minimum dealing costs to the margin and value is the figure as a negative sum).
8. If the property is an OTC transaction in derivatives, use the valuation based on the pricing model agreed between the Manager and the Trustee, or some other reliable basis reflecting an up-to-date market value which has been so agreed.

The valuation of property for that part of the valuation which is on a cancellation basis is as follows:

Property		To be valued at
(a)	Cash	nominal value
(b)	Amounts held in current deposit and loan accounts	nominal value
(c)	Property which is not within (a), (b) or (d)	
	(i) if Units in a dual-priced authorised fund	except where Further Note 1 applies, the most recent minimum redemption price (less dealing costs as set out in Further Note 2)

	(ii)	if Units in a dual-priced authorised fund	the most recent price (less dealing costs as set out in Further Notes 2 and 3)
	(iii)	if any other investment	best available market dealing bid price on the most appropriate market in a standard size (less dealing costs as set out in Further Notes 2 and 4)
(d)	Property which is a derivative under the terms of which there may be liability to make, for the account of the Sub-Fund, further payments (other than charges, and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out.		
	(i)	if a written option	to be deducted at a net valuation of premium (see Further Notes 5 and 8)
	(ii)	if an off-exchange future	net value of closing out (see Further Note 8)
	(iii)	if any other such property	Net value of margin on closing out (whether as a positive or negative figure) (see Further Notes 6 and 8)

#### Further Notes

1. The cancellation price is taken instead of the minimum redemption price if the property, if sold in one transaction, would amount to a large deal.
2. "Dealing costs" has the meaning set out in Note 2 above in respect of the issue price. Dealing costs include any charge payable on redemption of units in a fund (taking account of any expected discount), except where the Manager of the fund whose property is being held by the fund, include any charge payable on the redemption of those units (taking account of any expected discount).
3. Dealing costs under Further Note 2, include any dilution levy or SDRT provision which would be deducted in the event of a sale by the fund of the units in question and except when the Manager of the fund being valued, or an associate of the Manager, is also the Manager of the fund, include any charge payable on the redemption of those units (taking account of any expected discount).
4. The seller's price is the consideration which would be received by a seller of an immediate transfer of assignment (or, in Scotland, assignation) from them at arm's length, less dealing costs.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such option are traded, and add dealing costs.
6. For off-exchange futures, see Note 6 above in respect of the issue price.
7. For net value of margin see Note 7 above in respect of the issue price.



8. For over the counter transactions in derivatives, see Note 8 above in respect of issue price.

## **16. PRICING BASIS**

The Manager currently elects to deal on a forward basis, being the price calculated by reference to the Valuation Point next following the Manager's agreement to sell or, as the case may be, to redeem the Units in question. The Manager may, subject to certain conditions and with the agreement of the Trustee, change the basis of dealing. In general the rules are as follows:

If the Manager's choice is forward, all deals must be at a forward price and the election lasts until the end of the dealing period.

The Manager may at any time elect for forward only for the rest of the then current period.

Cancellations must be on the same basis as issues.

## **17. PUBLICATION OF PRICES**

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

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

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

## **18. INCOME EQUALISATION**

- 18.1.** When an incoming unitholder purchases a Unit during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the net asset value of the Scheme. The first allocation of income in respect of that Unit refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Units of the class in question issued or re-issued in a grouping period by the number of those Units and applying the resulting average to each of the Units in question.

### **18.2. Grouping**

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in paragraph 12 above. If there are no interim accounting periods the periods for grouping of Units will be annual accounting periods. Grouping is permitted by the Trust Deed for the purposes of equalisation.

## **19. BUYING AND SELLING UNITS**

The dealing office of the Manager is open from 9.00 a.m. until 5.00 p.m. each Business Day during which the Manager may receive requests for the buying and selling of Units. The time and price at which a deal takes place depends on the provisions of COLL affecting the pricing of Units.

A Business Day for this purpose means every day or part of a day, other than Saturdays, Sundays, public holidays in England or any day or part of a day on which the London Stock Exchange is not open for trading.

### **19.1. Buying Units**

Units may be purchased by sending a completed application form or clear written instructions to Thesis Unit Trust Management Limited at the dealing office of the Administrator. Application forms may be obtained by telephoning the Manager's Customer Enquiry Line on 0333 300 0375. Units may also be purchased through the means of electronic communications as set out in paragraph 25 below.

A contract note giving details of the Units purchased will be issued no later than the next Business Day after the Business Day on which an application to purchase Units is received and instrumented by the Manager. Payment in full should be made not later than the fourth Business Day after the date of purchase, and the Manager reserves the right to require payment in advance.

The Manager will not accept a lump sum application for Units to the value of less than £1,000,000, unless it represents an addition to an existing holding in which case the minimum amount is £100,000. The only restriction on holdings is the value of the holding; there is no minimum number of Units which any unitholder need hold. The Manager reserves the right to reduce or waive minimum investment levels.

The Manager reserves the right to reject, on reasonable grounds, any application for Units in whole or in part, in which event, the Manager will return by post, any money sent, or the balance, for the purchase of Units which are the subject of the application, at the risk of the applicant.

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

### **19.2. Selling Units**

At any time during a dealing day when the Manager is willing to issue Units it must also be prepared to redeem Units. The Manager may refuse to redeem a certain number of Units if the redemption will mean the Unitholder is left holding units with a value of less than the minimum initial subscription of £1,000,000.

Requests to redeem Units in the Scheme may be made to the Manager by telephone or by sending clear written instructions. The Manager's Customer Enquiry Line is stated in paragraph 19.1 and/or at Appendix 3.

Units may be redeemed through the means of electronic communications as set out in paragraph 25 below.

A contract note giving details of the number and price of the Units sold back to the Manager will be sent to Unitholders no later than the next Business Day after the Units were sold. In the event that the Manager requires a signed Form of Renunciation, e.g. in respect of joint holders, corporate holders or redemptions dealt through an agent, a Form of Renunciation will be attached.

When Units are redeemed, a cheque will be sent out within four Business Days of the Valuation Point of the Scheme immediately following receipt by the Manager of the request to redeem Units or the time when the Manager has received all duly executed instruments and authorisations as will vest to title in the Manager or enable it to arrange to do so, whichever is the later.

The Manager is not required to issue a cheque in respect of the redemption of Units where it has not yet received the money due on the earlier issue of those Units.

### **19.3. Issue of Units in exchange for in specie assets**

The Manager may arrange for the Scheme to issue Units in exchange for assets other than cash, but will only do so where the Trustee has taken reasonable care to determine that the Scheme's acquiring of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders or potential unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Scheme with effect from the issue of the Units.

The Manager will not issue Units in any Sub-Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Sub-Fund.

### **19.4. Client Money Rules**

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

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

Where money is received in either of the circumstances set out in paragraph 19.4(a) or (b) above, the Manager must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Trustee or the client as applicable.

In order to facilitate management of the Scheme, the Manager makes use of the delivery versus payment exemption on the issue of Units in respect of money received other than in the form of cheques. Money received in other payment forms for the issue of Units is, therefore, not protected under the Client Money Rules until the

delivery versus payment exemption period has expired. Money received by the Manager in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the Manager with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the Manager on monies credited to this account.

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

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

#### **19.5. In specie redemptions and cancellations of Units**

Where a Unitholder requests redemption or cancellation of Units, the Manager may, at its discretion, give written notice to the Unitholder before the proceeds would otherwise become payable that, in lieu of paying such proceeds in cash, the Manager will transfer to that Unitholder property attributable to the Scheme having the appropriate value. Where such notice is given, the Unitholder may, by written notice given to the Manager before the relevant property is transferred to the unitholder, require the Manager to arrange for a sale of that property and the payment to the Unitholder of the net proceeds of that sale. The selection of the property to be transferred (or sold) will be made by the Manager in consultation with the Trustee, with a view to achieving no more advantage or disadvantage to the Unitholder requesting cancellation of their Units than to continuing Unitholders. The Manager may retain out of the property to be transferred (or the proceeds of sale) property or cash of a value or amount equivalent to any stamp duty or stamp duty reserve tax to be paid in relation to the redemption or cancellation of the Units.

#### **19.6. Suspension, mandatory cancellation, mandatory conversion and redemption**

The Manager may if the Trustee agrees, or shall if the Trustee so requires, at any time temporarily suspend the issue and redemption of Units if the Manager or Trustee (in the case of any requirement by the Trustee), believes that, due to exceptional circumstances, it is in the interests of Unitholders or potential unitholders.

Notice of suspension will be provided to the Unitholders as soon as practicable after commencement of the suspension, drawing the Unitholders' attention to the exceptional circumstances resulting in the suspension. Notification of the suspension must be clear, fair and not misleading. Unitholders will be kept informed in writing about updates on the suspension.

On suspension the Manager, or the Trustee if it has required the Manager to suspend dealing, must immediately inform the FCA stating the reasons for its actions and, as

soon as practicable, given written confirmation of the suspension, and the reason for it, to the FCA.

The Manager and Trustee must review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue so long as it is justified having regard to the interest of Unitholders.

The Manager must inform the FCA of the proposed re-start of dealing and, immediately after the re-start, must confirm in writing to the FCA. The Manager may agree, during the suspension, to deal in Units 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 re-start of dealing.

Re-calculation of issue and cancellation prices will commence on the Business Day immediately following the end of the suspension, at the relevant Valuation Point.

If it comes to the notice of the Manager that any units ('affected units') are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the holder or holders in question is/are not qualified and entitled to hold such units or if it reasonably believes this to be the case, the Manager may give notice to the holder(s) of the affected units requiring either transfer of such units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such units in accordance with COLL. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer their affected units to a person qualified to hold them or establish to the satisfaction of the Manager (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the affected units, they shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the affected units pursuant to COLL.

A person who becomes aware that they have acquired or is holding affected units in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which they are not qualified to hold such affected units, shall forthwith, unless they have already received a notice as aforesaid, either transfer or procure the transfer of all their affected units to a person qualified to own them or give a request in writing to procure that such a request for the redemption or cancellation of all their affected units pursuant to COLL.

Where the Manager considers it in the best interests of Unitholders, the Manager may convert a Unitholder's holding in one class of Units to another class of Units in the same Sub-Fund. The Manager shall give at least 60 days prior written notice to the Unitholders concerned of the proposed conversion, including details of the new class of Units and reminding Unitholders of their rights to redeem.

## **20. MARKET TIMING**

The Manager may refuse to accept a new subscription in the Scheme, or switch from another Sub-Fund if, in the opinion of the Manager, it has reasonable grounds for refusing to accept a subscription or a switch. In particular, the Manager may exercise

this discretion if it believes that the Unitholder has been, or intends, to engage in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Units generally to take advantage of variation in the price of Units between the daily Valuation Points in the Scheme. Short term trading of this nature may often be detrimental to long term Unitholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

## **21. LARGE DEALS**

For the purpose of COLL a large deal will be a deal in respect of Units exceeding the sum of £15,000 in value.

## **22. STATEMENTS**

An annual statement made up to 5 April will be issued to Unitholders. This will detail the Unitholder's current holding, transactions during the Year and income paid. Interim statements are available on request.

## **23. EXCHANGE OF UNITS IN THE SCHEME**

Where there is more than one Sub-Fund, it is possible for Unitholders to switch their entitlement between Sub-Funds. An instruction to exchange Units is where the Manager converts, at the request of the Unitholder and upon receipt of an exchange notice, part or all of the Units relating to one Sub-Fund held by the Unitholder into Units of one or more other Sub-Funds on the same day.

Exchange requests may be made by telephone, by fax or by letter in each case to the Manager. Unitholders may be required to complete a switching form (which in the case of joint Unitholders must be signed by all joint holders). Switching forms will be available on request from the Manager.

**Any Unitholder who switches between Sub-Funds will not be given a right by law to withdraw from or cancel the transaction.**

The Manager may, at its discretion, make a charge on the switching of Units. The charge will not exceed any excess of the preliminary charge applicable to the Units being acquired over the preliminary charge applicable to the shares being Units. If, for any reason, an exchange notice is not received by the Manager on the same day, the application will still be binding and considered irrevocable by the Manager. The exchange notice must be addressed to the Manager and signed by all registered holders.

Exchange instructions accepted on any dealing day will be satisfied at prices calculated at the next Valuation Point. The relevant prices will be the net asset value price per Unit of the appropriate Sub-Fund.

**Unitholders who are subject to UK taxation should be aware that an exchange of Units for Units (of whatever class) in another Sub-Fund is treated as a redemption and sale and will be a disposal for Capital Gains Tax purposes.**

## **24. CHARGES AND EXPENSES OF THE SCHEME**

### **24.1. Management Charges**

#### Preliminary charge

The Manager's preliminary charge is included in the issue price of a Unit and is currently 1% of the price of a Unit.

#### Periodic charge

The Manager is also entitled under the Trust Deed to make a periodic charge which is payable monthly, calculated on the value of the relevant Sub-Fund determined in accordance with the Trust Deed and COLL, and payable out of the property of the Scheme in accordance with COLL. For this purpose the value of the Scheme is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point. The periodic charge shall accrue daily, and shall be calculated by reference to the value of the property of the Scheme at the first Valuation Point in each month. The periodic charge is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current rate of the periodic charge for each Sub-Fund is 0.55% (per annum).

Any increase of the preliminary or the periodic charge may be made by the Manager only after 60 days' giving written notice to the Unitholders (in the case of an increase of the periodic charge) or to the Trustee (in the case of the preliminary charge) and making available, for 60 days, the amended Prospectus to reflect the proposed increase.

The Manager is responsible for payment of fees of the Investment Manager and those of any sub-advisers. Research costs will be paid for by the Investment Manager out of this fee and shall not be borne by the Scheme.

#### Redemption charge

The Trust Deed of the Scheme contains a provision for the Manager to make a redemption charge but at present, there are no plans to impose such a charge. The Manager must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the Manager:

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

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

#### **24.2.1. Periodic fee**

The Trustee is paid a monthly periodic fee (plus VAT) in remuneration for its services from the property of the Scheme. The Trustee's fee is calculated on the value of the property of the Scheme determined in accordance with the Trust Deed and COLL, and payable out of the property of the Scheme in accordance with COLL. For this purpose, the value of the Scheme is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point.

The Trustee's fee shall accrue daily, and shall be calculated by reference to the value of the property of the Scheme at the first Valuation Point on the first Business Day and shall end immediately before the Valuation Point in each month. The Trustee's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current fees payable are:

0.0275% per annum	on the first £50 million value of the Scheme Property of that Sub-Fund;
0.025% per annum	on the next £50 million value of the Scheme Property of that Sub-Fund;
0.020% per annum	on the next £100 million value of the Scheme Property of that Sub-Fund;
0.015% per annum	thereafter.

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

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

In addition to the above periodic fees, the Trustee levies transaction and derivative charges and custody charges of such amounts as may be agreed by the Manager and the Trustee.

<u>Item</u>	<u>Range/Fees</u>
Transaction Charges	£7.50 to £180.00
Derivative Transaction Charges	£20 (where applicable)
Custody Charges	up to 0.9% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum

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

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



Where relevant, the Trustee may make a charge for (or otherwise benefit from) providing 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 Scheme and may purchase, sell or deal in the purchase or sale of the Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Handbook.

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

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

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

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

### **24.3. Administration Fees**

The Administration of the Scheme will be carried out by Northern Trust Global Services SE, UK branch. The Administrator is entitled to receive a fee out of the Scheme Property for providing administration services. With effect from 1st February 2021, the fees payable to the Administrator are paid by the Manager out of the periodic charge as described at paragraph 24.1 above.

### **24.4. Fees for maintaining the Register**

Where the Trustee or the Manager is responsible for the maintenance of the Register or any sub-register, they shall be entitled to be reimbursed out of the property of the Scheme for expenses incurred by them in performing those duties, including disbursements as listed in the "Other Expenses" section below, together with any VAT payable. The current fee is £2,500 per annum.

### **24.5. Sub-Funds**

Each of the charges described above is applicable to each Sub-Fund. All charges and expenses are charged to the Sub-Fund in respect of which they were incurred. Any charges and expenses not attributable to a Sub-Fund will normally be allocated by the Manager to all Sub-Funds pro rata to the value of the property of each Sub-Fund, although the Manager has a discretion to allocate such charges and expenses in a different manner which it considers fair to Unitholders generally.

### **24.6. Allocation of payments**

All or part of the Manager's periodic charge may be treated, at the request of the Manager, as a charge against the capital of the relevant Sub-Fund. All expenses relating directly to the purchase and sale of investments will be charged to capital.

**Where the charge is treated partly as a charge against the capital of a Sub-Fund, this may result in capital erosion or constrain capital growth.**

#### **24.7. Other Expenses**

No payments may be made out of the property of the Scheme other than payments to the Manager and the Trustee as set out above (and other sums due by virtue of COLL (such as, for example, cancellation proceeds and reasonable stock ending expenses)) and the following (to the extent of the actual amount incurred):

- a. expenses properly incurred by the Manager in the performance of its duties as Manager of the Scheme may be reimbursed by the Sub-Fund; and
- b. broker's commission (excluding costs for research), fiscal charges and other disbursements which are:-
- c. necessary to be incurred in effecting transactions for the Scheme; and
- d. normally shown in contract notes, confirmation notes and difference accounts as appropriate; and
- e. taxation and duties payable in respect of the property of the Scheme, the Trust Deed or the issue of Units; and
- f. any costs incurred in modifying the Trust Deed constituting the Trust, including costs incurred in respect of meetings of Unitholders convened for the purpose where the modification is:
- g. necessary to implement any change in the law (including changes in COLL); or
- h. necessary as a direct consequence of any change in the law (including changes in COLL); or
- i. expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders; or
- j. to remove from the Trust Deed constituting the Scheme obsolete provisions; and
- k. any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager; and
- l. liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified by COLL; and
- m. the expenses of the Trustee in convening a meeting of Unitholders convened by the Trustee alone; and

- n. the audit fee properly payable to the Auditors and value added tax thereon and any proper expenses of the Auditors; and
- o. the fees of the FCA as prescribed under the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Units in the Schemes are or may be marketed; and
- p. any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Scheme, which are currently carried on by the Registrar.
- q. any fees or costs associated with any CASS related support activity incurred by the Registrar.

## **25. ELECTRONIC COMMUNICATIONS**

The Manager will accept instructions to transfer or renunciation of title to Units on the basis of an authority communicated by electronic means and sent by the Unitholder, 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:

- 25.1.** prior agreement between the Manager and the person making the communication as to:
  - 25.1.1. the electronic media by which such communications may be delivered; and
  - 25.1.2. how such communications will be identified as conveying the necessary authority; and
- 25.2.** 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 Unitholder.

## **26. TAXATION**

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

### **Taxation of the Sub-Funds**

Each Sub-Fund is treated as a separate fund for tax purposes and references to the 'fund' in this taxation section should be treated as applying separately to each Sub-Fund.

The Scheme is an umbrella AUT and each Sub-Fund is treated as an Authorised Investment Fund for UK tax purposes.

Each Sub-Fund will make dividend distributions except where over 60% of the Sub-fund's property has been invested at all times throughout the distribution period in interest paying and related investments, in which case it will make interest distributions. A Sub-fund that makes interest distributions is referred to as a '**Bond Fund**' and a Sub-fund that makes dividend distributions is referred to as an '**Equity Fund**'. The rate of corporation tax applicable to each Sub-fund is equal to the basic rate of income tax.

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

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

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

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

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

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

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

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

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

### **Taxation of Unitholders**

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

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

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

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

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

## **(B) Interest distributions**

### UK resident individuals

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

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

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

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

### UK corporate Unitholders

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

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

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

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

Dividend distributions paid by a Sub-fund are treated as if they are dividends.

#### UK resident individuals

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

#### UK corporate Unitholders

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

### **(D) Chargeable gains**

#### UK resident individuals

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

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

#### UK corporate Unitholders

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

**The Manager reserves the right to redeem the Units of any Unitholder who jeopardises the tax status of each Sub-fund.**

## **(A) Income equalisation – tax implications**

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

## **(B) UK information reporting regime**

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

## **(C) Tax Elected Fund (TEF) regime**

The Manager may, in the future, seek to elect some or all of the Sub-Funds into the TEF regime if it considers that it would be advantageous for the majority of investors in the fund to do so. If the relevant Sub-Fund is elected into the TEF regime, the UK tax treatment of such Sub-Fund and its investors would be different to that set out above.

## **(D) International tax compliance**

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

### **Unitholders should note that:**

- (a) they may be asked to provide additional information (including information regarding their tax residence) to the Manager or the Administrator to enable the Scheme to satisfy these obligations;**
- (b) the Manager or Administrator may report these details, along with information about a Unitholder's holding, to HMRC; and**

**(c) HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.**

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

## **27. WINDING-UP OF THE SCHEME AND TERMINATION OF SUB-FUNDS**

### **27.1. Circumstances where Winding-Up and Termination may occur**

The Trustee shall proceed to wind-up the Scheme or, as the case may be, terminate a Sub-Fund:-

- a. if the authorisation order of the Scheme is revoked;
- b. if the alterations to the Scheme's Trust Deed and Prospectus that are required for the Sub-Fund to be terminated taking effect in accordance with section 251 of the Act;
- c. if an extraordinary resolution is passed to wind up the Scheme, or terminate the Sub-Fund, and the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee;
- d. if the Manager or the Trustee requests the FCA to revoke the authorisation order and the FCA has agreed (provided no material change in any relevant factor occurs) that on conclusion of the winding-up of the Scheme, the FCA will agree to that request;
- e. on the effective date of a duly approved scheme of arrangement which is to result in the Scheme or Sub-Fund that is subject to the scheme of arrangement being left with no property; or
- f. on the expiry of any period specified in the Scheme's Trust Deed as the period at the end of which the Scheme is to be wound up or the Sub-Fund is to terminate.

If any of the events set out above occurs, parts of COLL concerning investment and borrowing powers, dealing and valuation and pricing will cease to apply. The Trustee shall cease the issue and cancellation of Units and the Manager will cease issuing, redeeming, buying and selling Units in respect of the Scheme or the Sub-Fund, as the case may be.

### **27.2. Manner of Winding-Up or Termination**

In the case referred to in paragraph (f) above the Trustee shall wind-up the Scheme or terminate the Sub-Fund in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the Scheme falls to be wound-up or the Sub-Fund terminated, realise the property of the Scheme or the



Sub-Fund (as the case may be) and, after paying all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings in the Scheme or the Sub-Fund, as the case may be.

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

## **28. GENERAL INFORMATION**

### **28.1. Telephone calls**

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

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

If a Unitholder asks the Manager to send a recording of a particular call the Manager may ask for further information to help identify the exact call to which the Unitholder's request relates to.

### **28.2. Service of Notices**

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

- a. delivered to the Unitholder's address as appearing in the Register; or
- b. delivered by using an electronic medium in accordance with the provisions of paragraph 25.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day. Any document or notice to be served on or information to be given to a Unitholder, must be in legible form. For this purpose, any form is legible form which:

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

### **28.3. Complaints**

Complaints concerning the operation or marketing of the Scheme should be referred in the first instance to the Manager at the Head Office shown on Appendix 3. If a

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

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

#### **28.4. Annual and Half-Yearly Reports**

Annual and half-yearly reports will be published in accordance with paragraph 12 above. Copies of the most recent annual and half-yearly long reports may be inspected at the registered office of the Manager and may be obtained, free of charge, from the Manager.

#### **28.5. Prospectus and Trust Deed**

Copies of the most recent Prospectus and Trust Deed (including any Supplemental Deeds of the Scheme) may be inspected at the Manager's registered office. The Manager's office address is set out in the directory under Appendix 3.

#### **28.6. Supplementary Information**

Each Unitholder may obtain on request from the Manager information supplementary to this Prospectus relating to:

- a. the quantitative limits applying in the risk management of the Scheme;
- b. the methods used in relation to (a); and
- c. any recent development of the risk and yield of the main categories of investment.

#### **28.7. Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, firms conducting investment business are required to maintain procedures to combat money laundering. In order to implement these procedures, in certain circumstances Unitholders may be asked to provide some proof of identity when buying or selling Units. In the latter case the Manager cannot pay the proceeds until satisfactory evidence has been received.

Please refer to paragraph 28.12 ('Electronic Verification') for details of resources the Manager may access to verify information on you.

#### **28.8. Non-Accountability for profits**

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

- 28.8.1. dealings in the Units of the relevant Sub-Fund; or
- 28.8.2. any transaction in the Scheme Property; or
- 28.8.3. the supply of services to the relevant Sub-Fund.

## **28.9. Profit and Loss of Manager**

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

## **28.10. Data Protection**

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

Unitholders have the right to access their personal data processed by the Manager together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the Manager's Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## **28.11. Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the Manager must check your identity and the source of the money invested.

The Manager may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes.

If you apply for Units you are giving the Manager permission to ask for this information in line with the 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 Manager with your application.

## **28.12. Summary of the Manager's Haircut Policy**

The Manager may have to provide or receive collateral in entering into certain derivative transactions for the Scheme. In doing so, the Manager may apply a haircut

to that collateral. A "haircut" is a percentage that is subtracted from the market value of an asset that is being used as collateral.

The Manager will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply.

Where cash is received as collateral it will not be invested in anything other than cash or short-term deposit accounts.

Cash and specific types of collateral will be deemed to be permitted, at the Manager's discretion, for the purposes of the Scheme's collateral policy.

### **28.13. Risk Management**

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

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

- a) a true and fair view of the types of derivatives and forward transactions to be used within the Scheme together with their underlying risks and any relevant quantitative limits.
- b) the methods for estimating risks in derivative and forward transactions.

The Manager must assess, monitor and periodically review:

- a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5R;
- b) the level of compliance by the Manager with the risk management policy and with those arrangements, processes and techniques referred to in COLL 6.12.5R; and
- c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

The Manager must notify the FCA of any material changes to the risk management process.

## **29. RISK FACTORS**

- Collective investment schemes should be regarded as long term investments.
- The value of the Units in the Scheme is based upon the value of the underlying investments.
- The value of those investments and the income from them and consequently the value of the Units and the income from them, can go down as well as up and are not guaranteed.

- Past performance is not necessarily a guide to future performance.
- The Scheme may invest in currencies other than sterling. As a result, exchange rate changes may cause the value of overseas investments to rise or fall, and the value of the Units to go up or down.
- Investors may not get back the amount originally invested.
- **Warrants:** the Scheme may invest in warrants. A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.
- **Derivatives:** approved derivatives transactions are for the purpose of both hedging and meeting the investment objectives of the Scheme. It is, therefore, anticipated that the outcome of the use of derivatives would be principally to hedge against currency risks and to reduce, rather than to increase, the risk profile to the Scheme. Movements in currencies may, however, render such hedging ineffective. If derivatives are used for investment purposes, the net asset value of the Scheme may in consequence be highly volatile at times and the risk profile of the Scheme may be increased.
- Where derivative instruments are utilised for hedging purposes, the risk of loss to the Scheme may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated. Such imperfect correlation may prevent the Scheme from achieving the intended hedge or expose the Scheme to risk of loss. While the Scheme may enter into such transactions to seek to reduce exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the Scheme. Movements in currencies may render hedging ineffective. For a variety of reasons, the Manager may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged.
- **Counterparty risk in over-the-counter markets:** the Scheme may enter into transactions in over-the-counter markets which will expose the Scheme to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Scheme may enter into agreements or use other derivative techniques, each of which exposes the Scheme to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of bankruptcy or insolvency of a counterparty, the Scheme could experience delays in liquidating the position and significant losses, includes declines in the value of its investment during the period in which the Scheme seeks to enforce its rights, inability to realise any gains on its investment 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 recover any losses incurred.

- **Legal and Regulatory Risks:** legal and regulatory (including taxation) changes could adversely affect the Scheme. Regulation (including taxation) of investment vehicles such as the Scheme is subject to change. The effect of any future legal or regulatory (including taxation) change on the Scheme is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Unitholders.
- **Conflicts Policy:** transactions may be effected in which the Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Scheme. Where a conflict cannot be avoided, the Manager will have regard to its fiduciary responsibility to act in the best interests of the Manager and its investors. The Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Scheme than if the potential conflict had not existed.
- **Exchange-Traded Funds:** Exchange Traded Funds (or ETFs) are usually open-ended collective investment schemes, the units of which track an index, a commodity or a basket of assets like an index, but are traded like a stock on regulated markets and investment exchanges.

An investment by the Scheme in ETFs generally presents the same primary risks as an investment in a collective investment fund. The Scheme investing in ETFs are exposed not only to movements in the value of the underlying asset but also to the risk that the issuer or counterparty gets into financial problems. In addition, an ETF may be subject to the following risks:

- (a) a discount of the ETF's shares to its net asset value;
- (b) failure to develop an active or liquid trading market for the ETF's shares. The lack of a liquid secondary market, in particular, may make it very difficult for the Scheme to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;
- (c) the listing / relevant exchange halting trading of the ETF's shares;
- (d) failure of the ETF's shares to track the quoted reference index;
- (e) the re-weighting of; and
- (f) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which the Scheme may invest are leveraged and this can cause their prices to be more volatile and their value to fall below the value of the underlying asset. The more the Scheme invests in leveraged ETFs, the more this leverage will increase any losses on those investments.

ETFs may involve duplication of management fees and certain other expenses, as the Scheme indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an on-going charge figure or a total expense ratio, swap-based ETFs and currency hedged ETFs may have additional costs which are not included in these figures.

- **Exchange-Traded Notes:** exchange Traded Notes (or ETNs) are a type of unsecured, unsubordinated debt security, the returns of which are based on the performance of a

market index minus applicable fees, combining both the aspects of bonds and exchange traded funds and traded on a major exchange(s).

- (a) ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark of strategy remaining unchanged. The general credit market environment can also affect the creditworthiness of the issuer, causing the value of the ETN to fluctuate significantly. Changes in interest rate conditions can also affect the value of the ETN. Generally, if interest rates fall, the value of these investments rises. Conversely, if interest rates rise, their value falls.
- (b) The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in tracked assets, and economic, legal, political, or geographic events that affect the underlying asset that is tracked (or referenced) in the ETN.

Although most ETNs will quote an annual management charge ratio, this may not include all of the costs involved in running the investment and they do not always quote a total expense ratio figure.

- **Custody Risk:** The Trustee may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Trustee or Custodian may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments be less than the aggregate entitlement of the Scheme. 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 Scheme may not recover all of its Financial Instruments.
- **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 Sub-Fund and the value of distributions paid to Unitholders.

### 30. REMUNERATION

The Manager 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 Trust Deed. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Manager or the Scheme. The Remuneration Policy does not impair compliance with the Manager's duty to act in the best interests of the Scheme.

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](http://www.tutman.co.uk) and a paper copy of such information can be obtained, free of charge, upon request at the offices of the Manager.



## APPENDIX 1

### Historical Performance Figures

The comparisons have been based on **accumulation Units** 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 subscription and redemption fees but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

#### **DARIN A SUB-FUND**

<b>Unit Class</b>	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)	<b>2022</b> (%)	<b>2023</b> (%)
<b>Accumulation Units</b>	23.64	7.48	14.02	-11.47	11.16

Source of performance data - MorningStar

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

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

**These figures refer to the past and past performance is not a reliable indicator of future results, or rates of return.**

## APPENDIX 2

### Eligible Markets

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

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

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

#### Eligible securities markets

Australia	ASX Group
Canada	Toronto Stock Exchange TSX Venture Exchange Montreal Exchange
Europe	Eurex and those markets established in a member state on which transferable securities admitted to official listing in a member state are dealt in or traded
Hong Kong	Hong Kong Stock Exchange
Japan	Nagoya Stock Exchange Osaka Securities Exchange Tokyo Stock Exchange JASDAQ Securities Exchange
Korea	Korea Composite Stock Price Index
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)
Singapore	Singapore Exchange (SGX)
Thailand	Stock Exchange of Thailand (SET)
United Kingdom	Alternative Investment Market of the London Stock Exchange (AIM)

- USA
- (1) NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc)
  - (2) any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the NYSE Euronext, the NYSE Euronext and the stock exchanges of Chicago, NYSE Arca Equities and NASDAQ OMX PHIL
  - (3) the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer
  - (4) the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.

### **Eligible derivatives markets**

Japan:	Tokyo Financial Exchange
New Zealand:	New Zealand Futures and Options Exchange
South Africa:	South African Futures Exchange (SAFEX)
United Kingdom:	London International Financial Futures and Options Exchange (LIFFE) London Securities & Derivatives Exchange Ltd (OMLX)
USA:	Chicago Board Options Exchange, CME Group Inc, NASDAQ OMX Futures

## APPENDIX 3

### Directory of Contact Details

<b>Manager</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building St John's Street Chichester, West Sussex PO19 1UP
<b>Administrator, Registrar and Fund Accountant</b>	<b>Northern Trust Global Services SE, UK branch</b> 50 Bank Street Canary Wharf, London E14 5NT
<i>Dealing Office</i>	<b>Thesis Unit Trust Management Limited</b> Sunderland SR43 4AZ  Telephone number 0333 300 0375
<b>Auditors</b>	<b>KPMG LLP</b> 15 Canada Square Canary Wharf, London E14 5GL
<b>Custodian</b> <i>Principal place of business:</i>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA
<i>Who may also act under this power through its London branch:</i>	50 Bank Street, Canary Wharf, London E14 5NT
<b>Trustee</b>	<b>NatWest Trustee and Depository Services Limited</b> House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12 1HQ
<b>Investment Manager</b>	<b>Thesis Asset Management Limited</b> Exchange Building St John's Street Chichester PO19 1UP <a href="http://www.thesisam.com">www.thesisam.com</a>
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square London E20 1JN

## APPENDIX 4

### List of Sub-Custodians

As appropriate in line with the Eligible Markets listed in Appendix 2

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
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
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 Arab Emirates (ADX)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates (DFM)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates (NASDAQ)	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 5

### List of other Authorised Collective Investment Schemes operated by the Manager

#### **Authorised Contractual Schemes**

TM Brunel Pension Partnership  
ACS

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

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

#### **Authorised Unit Trusts**

BPM Trust  
Eden Investment Fund  
Elfynn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Ivy Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Castor Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Millau Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund  
Thesis PM B Fund  
Thesis Thameside Managed Fund  
The TUTMAN B&CE Contracted-out Pension Scheme  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund  
TM New Court Return Assets Fund

**Authorised Contractual Schemes**

**Authorised Investment Companies with Variable Capital**

TM Cresswell Fund  
TM CRUX Funds ICVC  
TM First Arrow Investment Funds  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM Investment Funds  
TM Lime Fund  
TM Natixis Investment Funds U.K. ICVC  
TM Neuberger Berman Investment Funds  
TM Oak Fund  
TM OEIC  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Stonehage Fleming Global Multi-Asset Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Tellworth Investments Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds

**Authorised Unit Trusts**

TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund  
TM Stonehage Fleming Global Equities Fund II  
TM Stonehage Fleming Global Equities Umbrella Fund