

# **VT EPIC INVESTMENT FUNDS ICVC**

Prospectus

24 January 2022

Prospectus of

## **VT EPIC Investment Funds ICVC**

(an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority under registered number IC000935)

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

This document constitutes the Prospectus for VT EPIC Investment Funds ICVC ("the Company") and has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook ("the FCA Rules").

The authorised corporate director of the Company, Valu-Trac Investment Management Limited ("the ACD"), is the person responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the ACD (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it. It accepts responsibility accordingly.

A copy of this Prospectus has been sent to each of the Financial Conduct Authority and NatWest Trustee and Depositary Services Limited.

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

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Potential investors should inform themselves as to the legal requirements of applying for Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

**Shares are not available for distribution to or investment by US persons. The Shares which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 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 U.S. 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.**

**Target market for MiFID II purposes: The Target Market for MiFID II purposes for the Company is set out in Appendix I.**

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

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them). This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by the ACD.

The ACD shall not divulge any confidential information concerning investors unless required to do so by law or regulation or as set out in this Prospectus or the ACD's Privacy Policy (available at [www.valu-trac.com](http://www.valu-trac.com) or otherwise on request). Shareholders and potential investors acknowledge that their personal data as well as confidential information contained in the application form and arising from the business relationship with the ACD may be stored, modified, processed or used in any other way by the ACD, its agents, delegates, sub-delegates and certain third parties in any country in which the ACD conducts business or has a service provider (even in countries that do not provide the same statutory protection towards investors' personal data deemed equivalent to those prevailing in the European Union) for the purpose of administering and developing the business relationship with the investor. Subject to applicable law, investors may have rights in respect of their personal data, including a right to access and rectification of their personal data and, in some circumstances, a right to object to the processing of their personal data. Further details are set out in the ACD's Privacy Policy

**This Prospectus may at any time be replaced by a new Prospectus or extended by a supplement issued by the Company; investors should, therefore, check with the ACD that this is the most recently published Prospectus and that they have all (if any) supplements to it issued by the Company.**

## Table of Contents

	Page
<b>DIRECTORY .....</b>	<b>4</b>
<b>DEFINITIONS .....</b>	<b>5</b>
<b>1. The Company and its Structure .....</b>	<b>8</b>
<b>2. Management and Administration .....</b>	<b>9</b>
<b>3. Investment Objectives and Policies of the Funds .....</b>	<b>13</b>
<b>4. Shares and Classes .....</b>	<b>13</b>
<b>5. Pricing of Shares .....</b>	<b>14</b>
<b>6. Buying, Redeeming and Switching of Shares .....</b>	<b>15</b>
<b>7. Fees and Expenses .....</b>	<b>22</b>
<b>8. Accounting and Income .....</b>	<b>25</b>
<b>9. UK Taxation .....</b>	<b>26</b>
<b>10. Meetings of Shareholders, Voting Rights and Service of Notices .....</b>	<b>28</b>
<b>11. Winding Up of the Company or any Fund or Termination of any Fund .....</b>	<b>30</b>
<b>12. Risk Factors .....</b>	<b>32</b>
<b>13. General Information .....</b>	<b>37</b>
 <b>APPENDIX A .....</b>	 <b>40</b>
<b>APPENDIX B .....</b>	<b>43</b>
<b>APPENDIX C .....</b>	<b>64</b>
<b>APPENDIX D .....</b>	<b>68</b>
<b>APPENDIX E .....</b>	<b>74</b>
<b>APPENDIX F .....</b>	<b>79</b>
<b>APPENDIX G .....</b>	<b>80</b>
<b>APPENDIX H .....</b>	<b>81</b>
<b>APPENDIX I .....</b>	<b>85</b>

## Directory

<b>The Company</b>	VT EPIC Investment Funds ICVC <b>Head Office:</b> Level 13 Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Authorised Corporate Director</b>	Valu-Trac Investment Management Limited <b>Registered Office:</b> Level 13 Broadgate Tower 20 Primrose Street London EC2A 2EW  <b>Correspondence Address:</b> Orton Moray IV32 7QE
<b>Investment Adviser and Sponsor</b>	EPIC Markets (UK) LLP <b>Head Office and Correspondence Address:</b> 200 Aldersgate Street London EC1A 4HD
<b>Depository</b>	NatWest Trustee and Depositary Services Limited  <b>Correspondence Address:</b> House A, Floor 0175 Glasgow RoadGogarburnEdinburghEH12 1HQ
<b>Custodian</b>	RBC Investor Services Trust (UK Branch) Riverbank House 2 Swan Lane London EC4R 3AF
<b>Registrar</b>	Valu-Trac Investment Management Limited Orton Moray IV32 7QE
<b>Auditor</b>	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE

## Definitions

In this Prospectus each of the words and expressions in the left-hand column of the table set out below has the meaning set opposite it in the right-hand column of that table:

<b>ACD</b>	the authorised corporate director of the Company, being Valu-Trac Investment Management Limited;
<b>ACD Agreement</b>	the Agreement dated on or around 1 July 2016 by which the ACD was appointed by the Company to act as such;
<b>ACD's Group</b>	the group of companies consisting of the ultimate holding company of the ACD and each of the subsidiaries of that holding company;
<b>Act</b>	the Financial Services and Markets Act 2000 as amended or replaced from time to time;
<b>Business Day</b>	Monday to Friday (except for a bank holiday in England and Wales and other days at the ACD's discretion) being a day on which the London Stock Exchange is open for trading and other days at ACD's discretion;
<b>Class</b>	a class of Share relating to a Fund;
<b>COBS</b>	the Conduct of Business Sourcebook published by the FCA as part of their Handbook of rules made under the Act;
<b>Company</b>	VT EPIC Investment Funds ICVC;
<b>Custodian</b>	RBC Investor Services Trust (UK Branch);
<b>Dealing Day</b>	any Business Day (except for a bank holiday in England and Wales and other days at the ACD's discretion) on which the London Stock Exchange is open for trading and other days at the ACD's discretion;
<b>Depository</b>	the depository of the Company, being NatWest Trustee and Depository Services Limited;
<b>EEA State</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>Efficient Portfolio Management</b>	<p>techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <ul style="list-style-type: none"> <li>(a) they are economically appropriate in that they are realised in a cost effective way;</li> <li>(b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> <li>(i) reduction of risk;</li> <li>(ii) reduction of cost; and</li> <li>(iii) generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in the FCA Rules;</li> </ul> </li> </ul>
<b>FATCA</b>	the Foreign Account Tax Compliance Act

<b>FCA</b>	the Financial Conduct Authority;
<b>FCA Rules</b>	the rules contained in the FCA's Handbook of rules (including the Collective Investment Schemes Sourcebook ("COLL")) published made under the Act, as amended or replaced from time to time, which shall, for the avoidance of doubt, not include guidance or evidential provisions contained in the said Sourcebook;
<b>Fund</b>	a sub-fund of the Company (being a part of the Scheme Property which is pooled separately from each other part) to which specific assets and liabilities of the Company are allocated and which is invested in accordance with its own investment objective;
<b>Holding Company</b>	the meaning ascribed thereto in the Companies Act 2006;
<b>Instrument of Incorporation</b>	the Instrument of Incorporation of the Company;
<b>Investment Adviser</b>	EPIC Markets (UK)LLP, the investment adviser appointed by the ACD;
<b>IOSCO</b>	the International Organisation of Securities Commissions;
<b>ISA</b>	Individual Savings Account;
<b>Net Asset Value or "NAV"</b>	the value of the Scheme Property of the Company (or of any Fund or Class of Shares as the context requires) less the liabilities of the Company (or of the Fund or Class of Shares concerned) as calculated in accordance with the FCA Rules and the Instrument of Incorporation (the relevant provisions of which are set out below under "Determination of the Net Asset Value" in Appendix C);
<b>OECD</b>	Organisation for Economic Co-operation and Development;
<b>OEIC Regulations</b>	the Open-Ended Investment Companies Regulations 2001 as amended or replaced from time to time;
<b>Prospectus</b>	a prospectus of the Company prepared pursuant to the requirements of the FCA Rules, including a prospectus consisting of an existing version of a prospectus as extended by a supplement issued by the Company;
<b>PRA</b>	the Prudential Regulation Authority;
<b>Register</b>	the register of Shareholders kept on behalf of the Company;
<b>Registrar</b>	the registrar of the Company, being Valu-Trac Investment Management Limited;
<b>Scheme Property</b>	the property of the Company subject to the collective investment scheme constituted by the Company or (as the context may require) the part of that property attributable to a particular Fund;
<b>Share</b>	a share in the Company (including both a larger and a smaller denomination share);
<b>Shareholder</b>	the holder of a Share;
<b>Switch</b>	exchange of Shares for either Shares of another Class relating to

the same Fund or for Shares relating to another Fund or (as the context may require) the act of so exchanging;

**UCITS**

undertakings for collective investment in transferable securities that are established in accordance with the UCITS Directive;

**UCITS Directive**

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

**Valuation Point**

the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purposes of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed.



## 1. The Company and its Structure

VT EPIC Investment Funds ICVC is an investment company with variable capital incorporated in Great Britain, and having its head office in England, under registered number IC000935 and authorised and regulated by the Financial Conduct Authority ("FCA") of 12 Endeavour Square, London, E20 1JN with effect from 26 March 2012 (FCA Product Reference Number 573884).

The head office of the Company is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW and its principal place of business is at Mains of Orton, Orton, Moray, IV32 7QE. The address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on, or given to, it (including any such notice or document to be given to the Company pursuant to the Instrument of Incorporation) is Mains of Orton, Orton, Moray, IV32 7QE. Any such notice or document must be given to or served on the Company in hard copy by delivering it or by sending it by post to that address, unless otherwise specified in this Prospectus in relation to any specific notice or document.

The ACD is the sole director of the Company.

The Company is a "UCITS scheme" (a type of scheme referred to in the FCA Rules).

The Company is structured as an umbrella comprising a number of Funds. The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. New Funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. If a new Fund is introduced, a new Prospectus will be prepared to set out the required information in relation to that Fund.

The only Funds which have been established at the date of this Prospectus are:

**VT EPIC UK Equity Market Fund** (FCA Product Reference Number 639138).

**VT EPIC Asian Centric Global Growth Fund** (FCA Product Reference Number 843469)

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund. Within the Funds, charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any expenses specific to a Class will be allocated to that Class. Any assets, liabilities, expenses, costs or charges not attributable to a particular Class within a Fund or to a particular Fund (as the case may be) may be allocated by the ACD in a manner which is fair to the Shareholders generally but they will normally be allocated to all Classes within a Fund or all Funds (as the case may be) pro rata to their Net Asset Values.

Please also see the paragraph entitled "Liabilities of the Company and the Funds" in Part 12 below.

The base currency of the Company is Sterling, but a Class of Shares in respect of any Fund may be designated in Sterling or any currency other than Sterling.

The Shares have no par value and, therefore, the share capital of the Company will at all times equal the sum of the Net Asset Values of each of the Funds. The minimum share capital of the Company will be £100 and the maximum share capital will be £100,000,000,000.

Shareholders are not liable for the debts of the Company.

## 2. Management and Administration

### Authorised Corporate Director

The authorised corporate director of the Company is Valu-Trac Investment Management Limited, a private company limited by shares which was incorporated in England and Wales on 3 October 1989 with company number 02428648. Its ultimate Holding Company is Valu-Trac Limited, a company incorporated in Bermuda.

The registered office of the ACD is Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW and the head office of the ACD is at Mains of Orton, Orton, Moray, IV32 7QE. The ACD has a share capital of £1,673,295 ordinary shares of £1 each issued and fully paid up. Its principal business activity is acting as an investment manager and as ACD to authorised open-ended investment companies. Appendix E sets out the details of the capacity, if any, in which the ACD acts in relation to any other regulated collective investment schemes and the name of such schemes. The names of the directors, together with details of their main business activities not connected with the business of the ACD are set out in Appendix G.

The ACD is authorised and regulated by the Financial Conduct Authority ("FCA").

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

The appointment of the ACD has been made on the terms of the ACD Agreement between the Company and the ACD. The ACD Agreement provides that the appointment of the ACD may be terminated by the Company giving 6 months' written notice to the ACD or by the ACD giving 6 months' written notice to the Company, although where it is in the best interests of Shareholder to do so, the ACD Agreement may be terminated by the Depositary or the Company forthwith by notice in writing to the ACD or by the ACD forthwith by notice in writing to the Company. Termination cannot take effect until the FCA has approved the change of director.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. To the extent permitted by the OEIC Regulations and the FCA Rules, the ACD Agreement provides indemnities to the ACD other than for matters arising by reason of the negligence, bad faith, breach of duty, breach of trust, breach of OEIC Regulations, fraud or willful default of the ACD in the performance of its duties and obligations under the ACD Agreement.

The ACD may delegate its management, administration and marketing functions in accordance with the FCA Rules. Notwithstanding such delegation the ACD remains responsible for any functions so delegated. At present certain functions are currently delegated as detailed below.

The fees to which the ACD is entitled are set out in Part 7 below.

### Remuneration Policies and Practices

FCA Rules require that the ACD applies remuneration policies and practices that are consistent with, and promote, effective risk management for certain categories of staff (namely those whose activities have a material impact on the risk profile of the ACD or the UCITS funds that it manages ("Code Staff"). The ACD, taking account of the principle of proportionality, has in place a remuneration policy (the "Remuneration Policy") which is reviewed at least annually.

The ACD considers the Remuneration Policy to be appropriate to the size, internal operations, nature, scale and complexity of the Funds and in line with the risk profile, risk appetite and the strategy of the Funds.

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the Code Staff.

In respect of any investment management delegates, the ACD requires that (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the European Securities and Market's Authority's ("ESMA's") Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD / Article 14 of the UCITS Directive; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines or the FCA Handbook.

The ACD's remuneration policy requires, amongst other items, that the remuneration practices within the ACD:

- 1.1.1 are consistent with and promote sound and effective risk management;
- 1.1.2 do not encourage risk taking and are consistent with the risk profiles of the funds which the ACD manages; and
- 1.1.3 do not impair the ACD's ability to comply with its duty to act in the best interests of the funds which it manages.

Details of the Remuneration Policy, including a description of how remuneration and benefits are calculated, and the identities of persons responsible for awarding the remuneration and benefits, will be made available on the ACD's website ([www.valu-trac.com](http://www.valu-trac.com)) and a paper copy will be made available free of charge from the ACD upon request.

## **Depositary**

### *The Depositary*

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

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the regulator. .

### *Duties of the Depositary*

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

### *Conflicts of interest*

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may

on occasion have potential conflicts of interest with the UCITS or a particular Fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the shareholders or the ACD and the depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

#### *Delegation of safekeeping functions*

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

The Depositary has delegated safekeeping of the Scheme Property to RBC Investor Services Trust (UK Branch) ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-custodians"). A list of Sub-custodians is given in Appendix H. Investors should note that the list of Sub-custodians is updated only at each Prospectus review. An updated list of Sub-custodians is maintained by the ACD at [www.valu-trac.com](http://www.valu-trac.com).

#### *Updated information*

Up-to-date information regarding the Depositary, its duties, its conflicts of interest, the delegation of its safekeeping functions and a list showing the identity of each delegate and sub-delegate will be made available to unitholders on request.

#### *Terms of appointment*

The Depositary was appointed under a depositary agreement between the ACD, the Company and the Depositary (the "Depositary Agreement").

Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

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

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of financial instruments held in custody or for any liabilities incurred by the Company as a result of the Depositary's negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, willful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, willful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on 6 months' notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

Details of the fees payable to the Depositary are given in Part 7 below.

### **Investment Adviser**

EPIC Markets (UK) LLP is the Investment Adviser of the Company, providing investment management to the ACD. The registered office of the Investment Adviser (and its correspondence address) is 200 Aldersgate Street, London, EC1A 4HD. Its principal business activity is investment management. The Investment Adviser is authorised and regulated by the Financial Conduct Authority ("FCA"), with FCA Register Number 231778.

The appointment of the Investment Adviser was effected under an agreement between the Company, the ACD and the Depositary (the "Investment Management Agreement").

The Investment Management Agreement may be terminated with six months' notice however, in certain circumstances (such as where such termination is in the interests of the Shareholders) it may be terminated with immediate effect.

The Investment Adviser has responsibility for and full discretion in making all investment decisions in relation to each Fund subject to and in accordance with the investment objectives and policies of the Funds as varied from time to time, the provisions of the Instrument of Incorporation, the FCA Rules and any directions or instructions given from time to time by the ACD.

No commission is payable to the Investment Adviser for any deal done or which could be done on behalf of the Company. Instead, the fees payable to the Investment Adviser will be calculated in accordance with a scale of charges agreed from time to time between the Investment Adviser and the ACD.

The Investment Adviser is authorised to enter into arrangements with third parties regarding the use of dealing commission to purchase/receive goods and/or services that relate to the execution of trades or the provision of research and has in fact entered into a number of such arrangements.

### **Sponsor**

The ACD has delegated the marketing function to the Investment Adviser (whose details are described above).

### **Registrar**

The ACD acts as registrar ("the Registrar"). The Register of Shareholders and any plan registers are maintained by the Registrar at its office at Mains of Orton, Orton, Moray, IV32 7QE and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

### **Administration**

All administration functions are carried out by the ACD.

## **Auditors**

The Auditors of the Company are Johnston Carmichael LLP, Commerce House, South Street, Elgin, IV30 1JE.

## **Custodian**

The Depositary has delegated custody functions to RBC Investor Services Trust (UK Branch)..

## **Conflicts of Duty or Interest**

The ACD and the Investment Adviser may, from time to time, act as investment managers or advisers to other collective investment schemes (or sub-funds thereof or to other persons), which follow similar investment objectives, policies or strategies to those of the Company or the Funds. It is therefore possible that any of those parties may in the course of its business have potential conflicts of duty or interest with the Company or a particular Fund. Each of the ACD and the Investment Adviser will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, the ACD will have regard to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise. The ACD and the Investment Adviser have written policies for managing conflicts of interest that are available to Shareholders on request. As the Depositary operates independently from the Company, Shareholders, the ACD and its associated service providers and the Custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

## **3. Investment Objectives and Policies of the Funds**

Investment of the assets of each Fund must be in accordance with the investment objective and policy of the relevant Fund and must comply with the investment restrictions and requirements set out in the FCA Rules. Details of the investment objectives and policies are set out in Appendix D in respect of each Fund and the eligible securities and derivatives markets through which the Funds may invest are set out in Appendix A. A summary of the general investment and borrowing powers is set out in Appendix B.

It is not at present intended that the Company will have an interest in any immovable property (e.g. its office premises) or tangible movable property (e.g. office equipment).

## **4. Shares and Classes**

More than one Class of Share may be issued in respect of each Fund. Appendix D contains a description of the Classes currently available. New Share Classes (including gross accumulation shares and gross income shares) may be established by the ACD from time to time, subject to compliance with the FCA Rules. If a new Class of Share is introduced, a new Prospectus will be prepared to set out the required information in relation to that class.

Where a Fund has different Classes, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, at the discretion of the ACD. Any such different charges or features are set out above and in Appendix D in relation to each of the Funds.

A net accumulation Share is one in respect of which income (net of any tax deducted or accounted for by the Fund) is credited periodically to capital within the relevant Fund. Gross classes of Shares are only available to investors who are permitted in accordance with UK tax law to receive income from the Fund without deduction of any UK income tax.

UK income tax must normally be deducted from interest distributions paid in respect of an income Share in a Fund which is treated as a bond fund for UK tax purposes. Likewise, UK income tax must

normally be deducted from interest distributions credited to capital in respect of an accumulation Share. However, as noted in the UK Taxation section (below), certain categories of Shareholders are entitled to receive such interest distributions without deduction of UK income tax.

Holders of income Shares of a Fund are entitled to be paid the income of that Fund which is attributed to such Shares on the relevant annual allocation dates. Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically added to (and retained as part of) the capital assets of the relevant Fund on the relevant annual allocation dates.

It is not at present possible to have fractions of a Share. Accordingly, the rights attached to Shares of each Class are expressed in two denominations— - smaller denomination and larger denomination. Each smaller denomination share represents one thousandth of a larger denomination share.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares of one Class for Shares of another Class in respect of the same Fund or to Switch all or part of their Shares in relation to one Fund for Shares in relation to a different Fund. Details of this Switching facility and the restrictions are set out below under "Switching" in Part 6 below.

## 5. Pricing of Shares

The price of each Share of any Class will be calculated by reference to the proportion attributable to a Share of that Class of the Net Asset Value of the Fund to which it relates by:

- taking the proportion attributable to the Shares of the Class concerned of the Net Asset Value of the relevant Fund as at the relevant Valuation Point of that Fund;
- dividing the result by the number of Shares of the relevant Class in issue immediately before the Valuation Point concerned.

The Net Asset Value of each Fund will be calculated as at the Valuation Point (being 12 noon) on each Dealing Day in respect of that Fund. The ACD may at any time carry out an additional valuation if the ACD considers it desirable to do so.

In the event that, for any reason, the ACD is unable to calculate the Net Asset Value of any Fund at the normal time, the prices effective from that time will be calculated using the earliest available valuation thereafter.

Information regarding the calculation of the Net Asset Value of each Fund and the apportionment of that Net Asset Value between each Class of Shares in relation to that Fund is set out below in Appendix C.

Shares of each Class in relation to each Fund will be sold and redeemed on the basis of forward prices, being prices calculated by reference to the next Valuation Point after the sale or redemption is agreed.

The amount payable on the purchase of a Share will equal the sum of the price of the Share calculated on the basis set out above, any preliminary charge and dilution levy. The amount received on the redemption of a Share will equal the price per Share calculated on the basis set out above less the aggregate of, any redemption charge and any dilution levy.

Information regarding the preliminary charge, redemption charge and dilution levy is set out below under "Dealing Charges and Dilution Levy" in Part 6 below.

The most recent price of Shares of Classes in issue (that is, the price calculated as at the last Dealing Day or additional Valuation Point) will be available on the ACD's website at [www.valu-trac.com](http://www.valu-trac.com) and by telephoning 01343 880 344 during the ACD's normal business hours on Business Days. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the

same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

## **6. Buying, Redeeming and Switching of Shares**

The dealing office of the ACD is open from 8.30 a.m. until 5.30 p.m. (UK time) on each Business Day in respect of a Fund to receive requests for the sale, redemption and Switching of Shares in relation to that Fund. Valid applications to purchase or redeem Shares in a Fund will be processed at the Share price calculated in accordance with Part 5 above, at the next Valuation Point following receipt of the application, except in the case where dealing in a Fund has been suspended as set out below.

The ACD will make use of the revised 'delivery versus payment' (DvP) exemption as set out in the FCA's Client Assets Rules, which provides for a one business day window during which money held for the purposes of settling a transaction in Shares is not treated as 'client money'. Specifically, under the DvP exemption, money received by the ACD from an investor, or money due to be paid to an investor by the ACD, need not be treated as client money if: (i) the ACD receives the money from an investor for the subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in the Company within one business day of receipt of money from the investor; or (ii) the ACD holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to the relevant investor within one business day of receipt from the Depositary.

Accordingly under the exemption when investors are buying Shares the ACD will protect investor money in a client money account if it does not pass the investor's money onto the Depositary by the close of the Business Day following receipt. Similarly when Shareholders sell shares in the ICVC, the ACD will protect their money in a client money account if it does not pass their money to them by the close of the Business Day following receipt from the Depositary.

### **Buying Shares**

Requests to deal in Shares may be made by sending clear written instructions (or an application form) to the ACD at Mains of Orton, Orton, Moray, IV32 7QE or by telephoning 01343 880 344 (or such other number as published from time to time). Application forms are available from the ACD or can be downloaded from [www.valu-trac.com](http://www.valu-trac.com). The initial purchase must, at the discretion of the ACD, be accompanied by an application form. In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media (electronic or otherwise).

The ACD has the right to reject, if it has reasonable grounds for refusing to sell units to the applicant (for example market timing reasons as outlined below under "Market Timing" or for money laundering purposes as outlined below under "Other Dealing Information"), any application for Shares in whole or part and in this event the ACD will return any application monies sent, or the balance of such monies, at the risk of the applicant. The ACD is also not obliged to sell Shares where payment is not received with an application for Shares.

Any application monies remaining after a whole number of Shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances. Each smaller denomination share is equivalent to one thousandth of a Share.

A contract note giving details of the Shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase Shares or the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

If payment has not already been made, settlement will be due within four Business Days of the last Dealing Day. The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.



Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Periodic statements issued twice a year will show the number of Shares held by the recipient. Individual statements of a Shareholder's Shares will also be issued at any time on request from the registered Shareholder (in the case of joint holders, such request may be made by any one of the joint holders). Statements shall be sent to the first named joint holder, where Shares are held jointly.

If a Shareholder requires evidence of title to Shares, the ACD or the Registrar will (on behalf of the Company) upon such proof of identify as is considered appropriate, supply a certified copy of the entry in the Register relating to his Shares (and, subject to the OEIC Regulations and the FCA Rules, a charge may be imposed for such supply).

Details of the minimum initial lump sum investment in each Class of each Fund and the minimum amount of any lump sum addition to a holding in the same Class of the same Fund are set out in Appendix D (in the sections "Minimum Initial Investment" and "Minimum Subsequent Investment" respectively) but the ACD may, at its absolute discretion, accept investments lower than the relevant minimum. If the value of a Shareholder's holding of Shares of a Class falls below the minimum holding (which is set out in Appendix D in respect of each Fund), his entire holding may be redeemed compulsorily by the ACD.

### **Market Timing**

The ACD may refuse to accept applications for subscriptions, redemptions or switches of Shares in a Fund which it knows or in its absolute discretion considers to be associated with market timing activities.

In general terms, market timing activities are strategies which may include frequent purchases and sales of Shares with a view to profiting from anticipated changes in market prices between Valuation Points or arbitraging on the basis of market price changes subsequent to those used in the valuation of a Fund.

Such market timing activities are disruptive to fund management, may lead to additional dealing charges which cause losses/dilution to a Fund and may be detrimental to performance and to the interests of long term Shareholders. Accordingly the ACD may in its absolute discretion reject any application for subscription or switching of Shares from applicants that it considers to be associated with market timing activities.

### **Cancellation Rights**

An investor entering into a contract to purchase Shares from the ACD will have a 14 day option to cancel the investment. Investors opting to cancel may receive less than their original investment if the Share price falls subsequent to their initial purchase.

### **Redemption of Shares**

Subject to the paragraphs below under "Deferred Redemptions" and "Suspension of Dealings in Shares" in this Part 6 or unless the ACD has reasonable grounds to refuse, every Shareholder has the right on any Dealing Day in respect of a particular Fund to require that the Company redeems all or (subject as mentioned below) some of his Shares of a particular Class in relation to that Fund.

Requests to redeem Shares must be made in writing signed by the Shareholder (or, in the case of joint Shareholders, each of them) sent to the ACD at Mains of Orton, Orton, Moray, IV32 7QE and must specify the number or value and Class of the Shares to be redeemed and the Fund to which they relate.

Where the Shareholder wishes to redeem part (rather than the whole) of his holding of Shares, the ACD may decline to redeem those Shares (and the Shareholder may, therefore, be required to redeem his entire holding of those Shares) if either (1) the number or value of Shares which he wishes to redeem would result in the Shareholder holding Shares in a Fund with a value less than the

minimum holding specified in Appendix D in respect of that Fund or (2) the value of the Shares in a Fund which the Shareholder wishes to redeem is less than the minimum partial redemption (if any) specified in Appendix D in respect of that Fund.

Not later than the end of the business day following the later of the receipt of the written redemption request and the Valuation Point by reference to which the redemption price is determined, a contract note giving details of the number, Class and price of the Shares redeemed will be sent to the redeeming Shareholder (or the first-named, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of joint Shareholders, by all of them).

Payment of the redemption monies will be made within four business days after the later of (a) receipt by the ACD of the written redemption request and (b) the Valuation Point following receipt by the ACD of the request to redeem.

Please note however that the ACD reserves the right to request additional information or proof of identity, in order to validate elements of the transaction and to comply with any relevant money laundering regulations. This may delay the despatch of any redemption proceeds to the Shareholder. Until this proof is provided the ACD reserves the right to refuse to redeem shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

Payment will normally be made by electronic transfer.

### **Switching**

A holder of Shares may, subject as mentioned below, at any time Switch all or some of those Shares (the "Original Shares") for Shares of another Class in relation to the same Fund or for Shares in relation to another Fund (in either case, the "New Shares"). No Switch will be effected during any period when the right of Shareholders to require the redemption of their Shares is suspended.

Switching requests must be made in writing to the ACD at Orton, Moray, IV32 7QE and must specify (1) the number and Class of the Original Shares to be Switched, (2) the Fund to which the Original Shares relate and (3) the Class of the New Shares and the Fund to which they relate.

Telephone switching instructions may be given but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before switching is effected.

**Subject to any restrictions on the eligibility of investors for a particular Class, with the agreement of the Depositary the ACD may effect a mandatory conversion of all or some of a Shareholder's shares in one Class for shares of another Class if this is in the best interests of Shareholders.**

Subject as mentioned above, a Switch will be effected as at the next Valuation Point following the time at which the valid Switching request is received by the ACD or (if required by the ACD) when written, signed Switching instructions are received by the ACD or as at such other Valuation Point as the ACD may agree at the request of the Shareholder (or, in the case of a mandatory conversion, at such time as the ACD determines). Where the Switch is between Shares of Funds that have different Valuation Points, the cancellation or redemption of the Original Shares shall take place at the next Valuation Point of the Fund to which the Original Shares relate following receipt (or deemed receipt) by the ACD of the Switching request or (if required by the ACD) the duly completed and signed Switching instructions and the issue or sale of the New Shares shall take place at the next subsequent Valuation Point of the Fund to which the New Shares relate.

On a Switching between Funds the ACD may at its discretion charge a fee, which is described below under "Switching Fee". There is currently no fee on a Switch between Classes in relation to the same Fund but the ACD reserves the right to introduce such a fee, at its discretion, in the future, subject always to compliance with the FCA Rules.

If the Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding specified in Appendix D in respect of the Fund concerned, the ACD may, if it thinks fit, convert the whole of the Shareholder's holding of Original Shares into New Shares or refuse to effect the requested Switch of the Original Shares. The ACD shall refuse to effect a requested switch by a shareholder if any other conditions attached to the purchase or holding of New Shares are not satisfied with respect to that shareholder or if the ACD has reasonable grounds for refusing the request.

The number of New Shares to which the Shareholder will become entitled on a Switch will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are cancelled or redeemed or, where the Switch is between Shares of Funds that have different Valuation Points, by reference to the price of Original Shares at the Valuation Point applicable at the time the Original Shares are cancelled or redeemed and by reference to the price of New Shares at the Valuation Point applicable at the time of the issue or sale of the New Shares.

The ACD may at its discretion adjust the number of New Shares to be issued to reflect the imposition of any Switching fee (see below) together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the FCA Rules and this Prospectus.

**A Switch of Shares in one Fund for Shares in another Fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of the taxation of capital gains. A Switch of Shares in one Class for Shares in another Class in relation to the same Fund will not normally be treated as a realisation for UK tax purposes.**

A Shareholder who Switches Shares in one Fund for Shares in another Fund will not, in any circumstances, be given a right by law to withdraw from or cancel the transaction.

## **Dealing Charges and Dilution Levy**

### *Preliminary Charge*

The ACD may make (and retain) a preliminary charge on the sale of Shares to be borne by Shareholders. The amount of the preliminary charge is calculated as a percentage of the initial subscription and is deducted from the subscription amount before investment. The current rate of the preliminary charge in respect of each Class of each Fund is set out in Appendix D. The ACD may only increase the preliminary charge in accordance with the FCA Rules, the relevant provisions of which are set out below in Part 7.

### *Redemption Charge*

The ACD may make (and retain) a charge on the redemption of Shares to be borne by Shareholders. At present no redemption charge is levied.

The ACD may only introduce a redemption charge on the Shares or make a change to the rate or method of calculation of a redemption charge once introduced in accordance with the FCA Rules.

Any redemption charge introduced will apply only to Shares sold since its introduction.

### *Switching Fee*

On the Switching of Shares for Shares relating to another Fund the ACD may impose a Switching fee to be borne by Shareholders (out of the value of the original Shares being cancelled or redeemed as a result of the Switch). The fee will not exceed an amount equal to the preliminary charge then applicable to the New Shares being acquired as a result of the Switch. The Switching fee is payable to the ACD.

There is currently no fee charged on a Switch to another Class of Share in the same Fund but the ACD reserves the right to introduce such a fee to be borne by Shareholders (out of the value of the

original Shares being cancelled or redeemed as a result of the Switch) (which would not exceed an amount equal to the preliminary charge then applicable to the New Shares being acquired as a result of the Switch), at its discretion, in the future, subject always to compliance with the FCA Rules.

### *Dilution Levy*

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

The need to charge a dilution levy will depend on the volume of sales and redemptions. The ACD may require a dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances:

- where the Scheme Property is in continual decline;
- on "large deals" (where the net issues or net redemptions of shares in a Fund at a particular dealing point exceed £500,000 or 5% of the size of the Fund, whichever is higher);
- in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

It is not possible to predict accurately whether dilution would occur at any point in time, although dilution levy could be charged on large individual deals (dependent on the size of the Scheme at the time). If a dilution levy is required then it is anticipated that the rate of such a levy, based on a representative portfolio, would be approximately 0.60% for large subscriptions and 0.10% for large redemptions, although the actual percentages can only be accurately calculated at the time. A Dilution levy was not charged in the last financial year.

The ACD's policy currently is to charge a dilution levy on the purchase or sale of Shares if it is in the interest of Shareholders. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

### **Other Dealing Information**

#### *SDRT*

The charging of SDRT (at a rate of 0.5%) on the redemption of shares has now been abolished except from in relation to non-pro rata in specie redemptions.

The current policy is that all SDRT costs (if applicable) will be paid out of the Company's Scheme Property and charged to capital and that SDRT will not be recovered from individual Shareholders. However, the ACD reserves the right to require individual Shareholders to pay SDRT whenever it considers that the circumstances have arisen which make such imposition fair to all Shareholders or potential Shareholders. Deductions of any such costs from capital may erode or constrain capital growth.

#### *Money Laundering*

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. Accordingly, in certain circumstances investors may be asked to provide proof of identity when buying or selling Shares. This may involve an electronic check of information. Until satisfactory proof of

identity is provided, the ACD reserves the right to refuse to issue or redeem Shares or pay income on Shares to the investor. No interest will be payable in respect of sums held pending receipt of a satisfactory proof of identity.

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

The ACD can use credit reference agencies (who will record that an enquiry has been made) and/or may check electronic databases. In the case of bodies corporate trusts and other legal arrangements, it is also required to establish the identity of any trustees or other controllers who have greater than 25% control of the body corporate or property of the trust that are not named on the application. In addition, it is also required to establish the identity of any individuals who have specified beneficial interest in the Shares. In the case of individuals it is required to establish the identity of any individuals who have a specified beneficial interest in the Shares that are not named on the application. The applicant retains legal title to the Shares and instructions will only be accepted from the applicant. The beneficial owner details are required for anti-money laundering purposes only. The ACD reserves the right to refuse any application to investment without providing any justification for doing so

#### *Restrictions and Compulsory Transfer and Redemption*

Shares may not be acquired or held by any person in circumstances ("relevant circumstances") which constitute a breach of the law or governmental regulation (or any interpretation thereof by a competent authority) of any country or territory or which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory). In this connection, the ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are so acquired or held and may, inter alia, reject in its discretion any application for the purchase, sale or Switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares") are owned whether beneficially or otherwise in any of the relevant circumstances or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or the Switch, where possible, of the affected Shares for other Shares the holding or acquisition of which would not fall within any of the relevant circumstances ("non-affected Shares") or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the FCA Rules. If any person upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Shares to a person qualified to own them or Switch his affected Shares for non-affected Shares or establish to the satisfaction of the ACD (whose judgement is final and binding) that he and any person on whose behalf he holds the affected Shares are qualified and entitled to own the affected Shares, he shall be deemed upon the expiration of that 30 day period to have given a request in writing for the redemption or cancellation of all the affected Shares pursuant to the FCA Rules.

A person who becomes aware that he is holding or owns (whether beneficially or otherwise) affected Shares in any of the relevant circumstances shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Shares to a person qualified to own them or, where possible, Switch the affected Shares for non-affected Shares or give a request in writing for the redemption or cancellation (at the discretion of the ACD) of all his affected Shares pursuant to the FCA Rules.

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

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

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

The ACD will not issue Shares relating to any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

#### *In Specie Redemptions*

If a Shareholder requests the redemption or cancellation of Shares and the ACD considers the same to be substantial in relation to the total size of the Fund concerned, the ACD may arrange that, instead of payment of the price of the Shares in cash, the Company cancels the Shares and transfers to the Shareholder assets out of the Scheme Property of the relevant Fund or, if required by the Shareholder, the net proceeds of sale of those assets.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that assets out of the Scheme Property of the relevant Fund (or the net proceeds of sale thereof) will be transferred to that Shareholder.

The ACD will select in consultation with the Depositary the assets within the Scheme Property of the relevant Fund to be transferred or sold. The Depositary may pay out of the Scheme Property assets other than cash as payment for cancellation of Shares only if it has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

The assets within the Scheme Property of the relevant Fund to be transferred (or the proceeds of sale thereof) shall be subject to the retention by the Depositary of Scheme Property including cash of a value or amount equivalent to any redemption charge or any Stamp Duty Reserve Tax provision to be paid in relation to the cancellation of Shares.

#### *Deferred redemption*

In times of high redemptions, where requested redemptions exceed 10% of a Fund's value, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point on a Dealing Day, to the Valuation Point on the next Dealing Day. This will allow the ACD to match the sale of Scheme Property to the level of redemptions, and should reduce the impact of dilution on a Fund. Subject to sufficient liquidity being raised at the next Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

#### *Suspension of Dealings in Shares*

The ACD may with the agreement of the Depositary (and must if the Depositary so requires) temporarily suspend the issue, cancellation, sale and redemption of Shares of any one or more Classes in any or all of the Funds if the ACD, or the Depositary in the case of any requirement by the Depositary, is of the opinion that due to exceptional circumstances it is in the interests of all the Shareholders.

The ACD will notify shareholders of the suspension as soon as practicable after suspension commences.

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

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

During a suspension the obligations relating to the issue, sale, cancellation and redemption of Shares contained in Chapter 6 of the FCA Rules will cease to apply and the ACD must comply with as many of the obligations relating to valuation of assets as are practicable in the light of the suspension.

In accordance with Chapter 7 of the FCA Rules, suspension of dealing in Shares must cease as soon as practicable after the exceptional circumstances have ceased and the ACD and Depositary must formally review the suspension at least every 28 days and must notify the FCA of the results of this review.

The calculation of share prices will recommence as at the next Valuation Point following the ending of the suspension.

### *Governing Law*

All dealings in Shares will be governed by English law.

### *Electronic Communications*

Transfers of title to shares may only be effected on the authority of an electronic communication if specifically agreed by the ACD.

## **7. Fees and Expenses**

**The Company, the Depositary, the Custodian, the ACD, the Investment Adviser, the Auditor or any other "affected person" are not liable to account to each other or to Shareholders for any profits or benefits made or received which derive from or in connection with dealings in the shares, or any transaction in the Scheme Property or the supply of services to the Company.**

### **General**

The fees, costs and expenses relating to the authorisation, incorporation and establishment of the Company, the preparation and printing of the first Prospectus and the fees of the professional advisers to the Company in connection therewith will be borne by the ACD or by another company in the ACD's Group and not by the Funds initially available. Each Fund may bear its own direct authorisation and establishment costs.

The Company may also pay the following expenses (including value added tax, where applicable) out of the property of any one or more of the Funds:

- (a) the fees and expenses payable to the ACD and to the Depositary (as set out below);
- (b) fees and expenses in respect of establishing and maintaining the Register and any plan registers and related functions (whether payable to the ACD or any other person);
- (c) expenses incurred in acquiring and disposing of investments;
- (d) expenses incurred in distributing income to Shareholders;
- (e) fees in respect of the publication and circulation of details of the Net Asset Value of each Fund and each Class of Shares of each Fund;
- (f) the fees and expenses of the auditors and legal, tax and other professional advisers of the Company and of the ACD (including the fees and expenses of providers of advisory services in relation to class actions);
- (g) the costs of convening and holding meetings of Shareholders (including meetings of Shareholders in any particular Fund or in any particular Class within a Fund);
- (h) the costs of preparing, printing and distributing reports, accounts and any Prospectus and/or key investor information document (which for the avoidance of doubt does not include any costs relating to the distribution of the key investor information documents);
- (i) the costs of publishing prices and other information which the ACD is required by law to publish and any other administrative expenses;
- (j) taxes and duties payable by the Company;
- (k) interest on and charges incurred in relation to borrowings;

- (l) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any of the persons mentioned above under Part 2 above ("Management and Administration");
- (m) fees of the FCA under Schedule 1, Part III of the Act and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;
- (n) fees and expenses in connection with the listing of Shares on any stock exchange;
- (o) any costs incurred in modifying the Instrument of Incorporation or the Prospectus (including periodic updates of the Prospectus);
- (p) insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties;
- (q) liabilities on amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer;
- (r) any costs incurred in forming a Fund or a Class of Shares;
- (s) any costs and expenses incurred in registering, having recognised or going through any other process in relation to the Company or any Fund in any territory or country outside the United Kingdom for the purposes of marketing Shares of the Company or any Fund in such territory or country (including any costs and expenses incurred in translating or having translated the Instrument of Incorporation, the Prospectus and any other document);
- (t) any costs and expenses incurred in relation to the winding up of a Fund or the Company; and
- (u) any other costs or expenses that may be taken out of the Company's property in accordance with the FCA Rules.

Expenses will be allocated between capital and income in accordance with the FCA Rules. Treating any fees, expenses and charges as a capital charge may erode the capital or may constrain future capital growth.

In the event that any expense, cost, charge or liability which would normally be payable out of income property attributable to a Class or Fund cannot be so paid because there is insufficient income property available for that purpose, such expense, cost, charge or liability may be paid out of the capital property attributable to that Class or Fund.

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

In payment for carrying out its duties and responsibilities the ACD is entitled to receive out of the assets of each Fund an annual management charge.

The annual management charge accrues daily, is reflected in the value of the Shares on a daily basis and is paid out of the Fund to the ACD at monthly intervals. The annual management charge is calculated separately in respect of each Class of Shares in relation to each Fund as a percentage rate per annum of the proportion attributable to that Class of the Net Asset Value of the relevant Fund. It is calculated on a daily basis by reference to that proportion of the Net Asset Value of the Fund at the valuation point on the previous Dealing Day.

The current rate of annual management charge in respect of the VT EPIC UK Equity Market Fund is as follows:

<b>Share Class</b>	<b>Annual Management Charge*</b>
Class R	1.75%
Class I	1.00%
Class F	0.85%



The current rate of annual management charge in respect of the VT EPIC Asian Centric Global Growth Fund is as follows:

<b>Share Class</b>	<b>Annual Management Charge*</b>
Class R	0.70%

\*The annual management charge may be waived at the discretion of the ACD.

Any value added tax on the annual management charge will be added to that charge.

On a winding up of the Company or Fund or a termination of a Fund or on the redemption of a Class of Shares of a Fund, the ACD is entitled to its pro rata fees and expenses (including expenses incurred in relation to such winding up or redemption) to the date of termination and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

The ACD is also entitled to all reasonable, properly vouched out-of-pocket expenses incurred in the performance of its duties (including the fees and expenses of providers of administration services in relation to class actions).

The ACD may only increase its remuneration for its services in accordance with the FCA Rules.

### **Investment Adviser's Fee**

The Investment Adviser accrues daily and will be paid monthly by the ACD out of the annual management charge (set out in the tables above). The Investment Adviser has agreed with the ACD that the Investment Adviser's fee will be the balance of the annual management charge less the fee payable to the ACD.

### **Depositary's Fee**

The Depositary receives for its own account a periodic fee which will accrue and is due monthly on the last Valuation Point in each calendar month in respect of that day and the period since the last Valuation Point in the preceding month and is payable within seven days after the last Valuation Point in each month. The fee is calculated by reference to the value of the Company on the last Valuation Point of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of the Company. The rate of the periodic fee shall be as agreed between the ACD and the Depositary from time to time and is currently based on the value of each Fund:

- Up to £100 million – 3 bps (0.03%) per annum
- £100 million to £200 million – 2.5 bps (0.025%) per annum
- £200 million to £400 million – 2.0 bps (0.020%) per annum
- Thereafter – 1.5 bps (0.015%) per annum

(plus VAT) subject to a minimum of £15,000 (plus VAT) per annum per Fund.

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

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

<b>Item</b>	<b>Range</b>
Custody charges	0.0% to 0.12%
Transaction charges	£0 to £40 per transaction

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

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

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

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

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

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

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

#### **Introduction or increase of remuneration of Depositary or Custodian**

Remuneration payable out of the Scheme Property to the Depositary or Custodian can only be introduced or increased in accordance with the FCA Rules.

## **8. Accounting and Income**

### **Accounting Periods**

The annual accounting period of the Company will end on 30 June ("the accounting reference date") in each year. The half-yearly accounting period will end on 31 December in each year. Each Fund may have additional interim accounting periods as set out in Appendix D.

### **Annual Reports**

Annual reports of the Company will be published within four months of each annual accounting period and half yearly reports will be published within two months of each interim accounting period. Reports containing the full accounts will be available upon request free of charge.

### **Income**

Allocations of income are made in respect of the income available for allocation in each accounting period (whether annual or interim). The annual and interim income allocation dates, if any, for each Fund are given in Appendix D. Allocations of income for each Fund will be made on or before the relevant income allocation date. Payment of income distributions will normally be made by bank transfer (BACS).

The amount available for allocation in respect of any Fund in any accounting period will be calculated in accordance with the FCA Rules by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD will then make such other adjustments in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be

accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments (including for reimbursement of set up costs) which the ACD considers appropriate after consulting the Company's auditors. The ACD does not currently intend to operate smoothing of income distributions.

The Company will allocate the amount available for allocation between the Classes of Shares in issue relating to a Fund in accordance with the respective proportionate interests of each such Class of Shares calculated in the manner described in Appendix C.

If a distribution payment of a Fund remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to and become part of the Scheme Property of that Fund. Thereafter neither the shareholder nor his successor will have any right to it except as part of the capital property of the Fund.

## **9. UK Taxation**

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, all of which are subject to change. It is not intended to be exhaustive and there may be other tax considerations which may be relevant to prospective investors.

It summarises the tax position of the Company and of investors who are resident in the United Kingdom for tax purposes and hold Shares as investments. The regime for taxation of income and capital gains received by investors depends on the tax law applicable to their particular circumstances and/or the place where the Scheme Property is invested.

Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

### **The Company**

Each Fund will be treated as a separate entity for UK tax purposes.

The Company is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments. However, in some cases, gains realised on holdings in non-reporting offshore funds will incur a tax charge on disposal.

Any dividend distribution received by the Company will not normally be charged to corporation tax provided that it falls within one of the exempt classes set out in the relevant legislation. The Company will be subject to corporation tax on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where the Company suffers foreign tax on income received, this will normally be an irrecoverable tax expense.

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

### **Shareholders**

#### *Income Distributions*

Any income distribution made by the Company, unless designated by the Company as an interest distribution, will be treated as if it were a dividend from a UK company. No deduction of UK income tax is made from a dividend distribution.

Corporate Shareholders within the charge to UK corporation tax receive this income distribution as franked investment income to the extent that the distribution relates to underlying franked investment income (before deduction of expenses, but net of UK corporation tax) for the period in respect of which the distribution is made. Any part of the distribution which is not received as franked

investment income is deemed to be an annual payment from which income tax at the rate of 20% has been deducted.

### *Capital Gains*

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, where the Shareholder is a company, corporation tax in respect of gains arising from the sale, exchange or other disposal of Shares (including Switches between Funds but not Switches between Classes in respect of the same Fund).

Capital gains made by individual Shareholders on disposals from all chargeable sources of investment will be tax free if the net gain (after deduction of allowable losses) falls within an individual's annual capital gains exemption.

Shareholders chargeable to UK corporation tax must include all chargeable gains realised on the disposal of Shares in their taxable profits. The amount chargeable will be reduced by an indexation allowance.

Special provisions apply to a UK corporate Shareholder which invests in a bond fund (see above). Where this is the case, the corporate Shareholder's Shares in the Fund are treated for tax purposes as rights under a creditor loan relationship. This means that the increase or decrease in value of the Shares during each accounting period of the corporate Shareholder is treated as a loan relationship credit or debit, as appropriate and constitutes income (as opposed to a capital gain) for tax purposes and, as such, is taxed in the year that it arises.

The amount representing the income equalisation element of the Share price is a return of capital and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gain realised on a subsequent disposal.

### *Income Equalisation*

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

### **Reporting of tax information**

The Fund and the ACD are subject to obligations which require them to provide certain information to relevant tax authorities about the Company, investors and payments made to them.

Under the Automatic Exchange of Information (AEOI) Regime the fund is obliged to share certain information in relation to investors with HMRC which will be shared with other tax authorities. AEOI refers to US Foreign Account Tax Compliant Act ("FATCA") and associated inter-governmental agreements and OECD's Common Reporting Standard ("CRS") as applicable in participating jurisdictions.

Failure to comply with these requirements will subject a Fund to US withholding taxes on certain US-sourced income and gains under FATCA and various penalties as applicable in different participating jurisdictions for being non-compliant with CRS regulations.

Shareholders may be asked to provide additional information to the ACD to enable the Fund to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in a Fund.

To the extent a Fund is subject to withholding tax as a result of:

- a Shareholder failing (or delaying) to provide relevant information to the ACD;
- a Shareholder failing (or delaying) to enter into a direct agreement with the IRS;
- the Fund becoming liable under FATCA or any legislation or regulation to account for tax in any jurisdiction in the event that a Shareholder or beneficial owner of a Share receives a distribution, payment or redemption, in respect of their Shares or disposes (or be deemed to have disposed) of part or all of their Shares in any way;

(each a "Chargeable Event"),

the ACD may take any action in relation to a Shareholder's or beneficial owner's holding to ensure that such withholding is economically borne by the relevant Shareholder or beneficial owner, and/or the ACD and/or its delegate or agent shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax. The action by the ACD may also include, but is not limited to, removal of a non-compliant Shareholder from the Fund or the ACD or its delegates or agents redeeming or cancelling such number of Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. Neither the ACD nor its delegate or agent, will be obliged to make any additional payments to the Shareholder or beneficial owner in respect of such withholding or deduction.

Each investor agrees to indemnify the Company, each Fund and/or the ACD and its delegates/agents for any loss caused by such investor arising to the Company, a Fund and/or ACD and/or its delegates/agents by reason of them becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event.

**The foregoing statements are based on UK law and HMRC practice as known at the date of this Prospectus and are intended to provide general guidance only. Shareholders and applicants for Shares are recommended to consult their professional advisers if they are in any doubt about their tax position. No liability is accepted by the ACD for such interpretation.**

## **10. Meetings of Shareholders, Voting Rights and Service of Notices**

In this section "relevant Shareholder" in relation to a general meeting of Shareholders means a person who is a Shareholder on the date seven days before the notice of that general meeting is sent out but excludes any person who is known to the ACD not to be a Shareholder at the time of the general meeting.

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

Any notice or documents will be served on Shareholders in writing by post to the Shareholder's postal address as recorded in the Register.

### **Convening and Requisition of Meetings**

The ACD or the Depositary may convene a general meeting of Shareholders at any time.

There will be no annual general meetings for the Company.

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

### **Notice and Quorum**

All relevant Shareholders will be given at least 14 days' notice of a general meeting of Shareholders and, except as mentioned below, are entitled to be counted in the quorum and vote at such meeting either in person or by proxy or, in the case of a body corporate, by a duly authorised representative. The quorum for a meeting is two Shareholders, present in person or by proxy or, in the case of a body corporate, by a duly authorised representative.

### **Voting Rights**

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

On a poll vote, a relevant Shareholder may vote either in person or by proxy or, in the case of a body corporate, by a duly authorised representative. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue as the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is sent out.

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

Except where the FCA Rules or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes validly cast at the meeting to be in favour in order for the resolution to be passed), any resolution required by the FCA Rules or the OEIC Regulations will be passed by a simple majority of the votes validly cast for and against the resolution.

In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register.

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

Where a resolution (including an extraordinary resolution) is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written

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

### **Class Meetings and Fund Meetings**

The provisions described above, unless the context otherwise requires, apply both to Class meetings and to meetings of holders of Shares relating to a particular Fund as they apply to general meetings of Shareholders but by reference to Shares of the Class or relating to the relevant Fund and the holders and prices of such Shares.

### **Variation of Class Rights**

The rights attached to a Class or a Fund may only be varied in accordance with the FCA Rules.

### **Notifying Shareholders of Changes**

The ACD is required to seek Shareholder approval to, or notify Shareholders of, various types of changes to the Funds. The form of notification, and whether Shareholder approval is required, depends upon the nature of the proposed change.

A fundamental change is a change or event which changes the purpose or nature of a Fund, which may materially prejudice a Shareholder; or alter the risk profile of the Fund; or which introduces any new type of payment out of the Scheme Property of the Fund. For fundamental changes, the ACD must obtain Shareholder approval, normally by way of an extraordinary resolution (which needs 75% of the votes cast to be in favour if the resolution is to be passed).

A significant change is a change or event which is not fundamental but which affects a Shareholder's ability to exercise his rights in relation to his investment; which would reasonably be expected to cause the Shareholder to reconsider his participation in a Fund; or which results in any increased payments out of the Fund to the ACD or its associates; or which materially increases payments of any other type out of a Fund. The ACD must give reasonable prior notice (not less than sixty days) in respect of any such proposed significant change.

A notifiable change is a change or event of which a Shareholder must be made aware but, although not considered by the ACD to be insignificant, it is not a fundamental change or a significant change. The ACD must inform Shareholders in an appropriate manner and time scale of any such notifiable changes.

## **11. Winding Up of the Company or any Fund or Termination of any Fund**

The Company or a Fund may be wound up as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules. A Fund may otherwise be terminated only under the FCA Rules.

The Company or Fund may be wound up or a Fund may be terminated under the FCA Rules:

- (a) if an extraordinary resolution to that effect is passed at a meeting of the Company or of the holders of Shares of all Classes relating to that Fund; or
- (b) if the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires; or
- (c) if the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or Fund is to be wound up or a Fund is to be terminated – an example of such an event in relation to any Fund is the ACD deciding in its absolute discretion to terminate that Fund if after consultation with the Investment Adviser the Net Asset Value of the relevant Fund is considered not to be commercially viable or if a change in

the laws or regulations of any country means that, in the opinion of the ACD, is desirable to terminate the Fund; or

- (d) on the date of effect stated in any agreement by the FCA in response to a request by the ACD for the revocation of the authorisation order in respect of the Company or Fund or for the termination of the Fund; or
- (e) on the effective date of a duly approved scheme of arrangement which is to result in the Company or Fund ceasing to hold any Scheme Property; or
- (f) on the date on which all of the Funds of the Company fall within) above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to that particular Fund.

Where the Company or Fund is to be wound up or a Fund is to be terminated under the FCA Rules, notice of the proposals for winding up the Company or Fund or terminating the relevant Fund must be given to the FCA for approval (or deemed approval). This notice cannot be given to the FCA unless the ACD provides a statement (following an investigation into the affairs of the Company or the Fund, as the case may be) which either confirms that the Company or the Fund will be able to meet all its liabilities within 12 months of the date of the statement or states that such confirmation cannot be given. The Company may not be wound up or a Fund terminated under the FCA Rules if there is a vacancy in the position of the ACD at the relevant time.

On the winding up or termination commencing:

- (a) COLL 5, COLL 6.2 and COLL 6.3 of the FCA Rules (which relate to the pricing of and dealing in Shares and to investment and borrowing powers respectively) will cease to apply to the Company or the relevant Fund;
- (b) the Company or Fund will cease to issue and cancel Shares of all Classes or (where a particular Fund is to be terminated) Shares of all Classes relating to that Fund and the ACD will cease to sell or redeem such Shares or arrange for the Company to issue or cancel them;
- (c) no transfer of a Share or (where a particular Fund is to be terminated) a Share in that Fund will be registered and no other change to the Register will be made without the sanction of the ACD; and
- (d) where the Company is being wound up or a Fund terminated, the Company or the Fund will cease to carry on its business except in so far as may be required for the beneficial winding up of the Company or the termination of the Fund;
- (e) the corporate status and powers of the Company and (subject as mentioned above) the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls to be wound up or a Fund falls to be terminated, realise the assets of the Company or (as the case may be) the relevant Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, may make one or more interim distributions of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or the relevant Fund. On or prior to the date on which the final account is sent to Shareholders, the ACD will also make a final distribution to Shareholders of any remaining balance in the same proportions as mentioned above.

Following the completion of the winding up of the Company or the termination of a Fund, the Depositary must notify the FCA of that fact.

Following the completion of a winding up of the Company or the termination of a Fund, the ACD must prepare a final account showing how the winding up or termination was conducted and how the Scheme Property was disposed of. The auditors of the Company will make a report in respect of the final account and will state their opinion as to whether the final account has been properly prepared.



This final account and the auditors' report must be sent to the FCA and to each Shareholder within four months of the final accounting period.

## **12. Risk Factors**

Potential investors in the Funds should consider the following general risk factors before investing in the Funds. Such factors apply directly to the Funds in connection with investments they hold or strategies in them.

### **General Risk Factors**

#### **Market risk**

Investments in the Fund are subject to normal stock market fluctuations and other risks inherent in such investments. The value of investments, and the income from them, may go down as well as up, and investors may not get back the money which they invested. In other words there is no assurance that any appreciation in value will occur and no assurance that the investment objective of the Fund will actually be achieved. In certain circumstances, investors will have the right to cancel their initial investment. However, it should be noted that investors opting to cancel may receive less than their original investment if the Share price falls subsequent to their initial purchase.

#### **Performance risk**

The performance and risk level of the Fund will vary according to individual stock selections. There is no guarantee for the performance level of the Fund and no guarantees are given by third parties.

Past performance is not a reliable indicator of future results and should not be relied upon as such.

#### **Exchange or Currency risk**

The movements of exchange rates may lead to changes in the value of investments and the income from them.

#### **Charges**

The ACD may levy a preliminary charge on investments in the Fund. The levying of such a charge may mean that an investor in the Fund may not get their original investment back when redeeming Shares in the Fund, particularly after a short period of time. Investors should therefore regard any investment as medium to long-term.

#### **Capital risk**

The performance of the Fund may not be sufficiently positive to cover any withdrawals made and investors choosing to make withdrawals therefore risk suffering some capital erosion.

#### **Counterparty risk**

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

#### **Settlement risk**

A settlement in a transfer system may not take place as expected due to a failure of that transfer system or because a counterparty does not pay or deliver on time as expected.

#### **Use of derivatives**

A Fund may employ derivatives in the pursuit of its investment objectives and/or for the purposes of efficient portfolio management. Please see "Fund Specific Risk Factors" below.

### **Counterparty risk in over-the-counter markets**

A Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Fund may enter into agreements or use other derivative techniques, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund 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.

### **Custody risk**

Assets of the Fund are held in safe keeping by an independent custodian. There is a risk that the Custodian is not able to fully meet its obligation to restate in a short time frame all of the assets of the Funds in the case of bankruptcy of the Custodian. Securities of the Funds are required to be identified in the Custodian's books as belonging to the Fund and segregated from other assets of the Custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy.

The Custodian does not necessarily keep all the assets of the Funds itself but has the ability to use a network of sub-custodians which are not necessarily part of the same group of companies as the Custodian. Investors are therefore exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Custodian. A Fund may also invest in overseas markets where custodial and/or settlement systems are not fully developed. The assets of the Funds that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Custodian will have no liability. The risk of non restitution in the case of bankruptcy is therefore greater where investments are made in overseas markets.

No such segregation applies to cash which increases the risk of non restitution in case of bankruptcy.

### **Political/ regulatory risk**

The value of the assets of the Fund may be affected by uncertainties such as international political developments, changes in government policies, restrictions in foreign investment and other developments in the laws and regulations of countries in which investment may be made.

### **Risks associated with the UK leaving the European Union ("Brexit")**

The UK has formally left the European Union (informally known as "Brexit").

However, the political, economic and legal consequences of Brexit are still not yet fully known. It is possible investments in the UK may be more difficult to value, to assess for suitability of risk, harder to buy or sell or subject to greater or more frequent rises and falls in value.

The UK's laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the Company or the rights of investors or the territories in which the Shares of the Company may be promoted and sold.

### **Epidemics/Pandemics**

Occurrences of epidemics/pandemics (such as COVID-19), depending on their scale, may cause damage to national and local economies which will have an impact on investments. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such

disruption may adversely affect funds, may increase volatility, impair liquidity and potential returns and make assets difficult to value. During such epidemics investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective. Custody, trading and settlements may also be affected. As a result there may be a negative impact on the value of funds.

### **Political Risk**

The value of the Company may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

Events and evolving conditions in certain economies or markets may alter the risks associated with investments in countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in emerging markets.

### **Cyber Security Risk**

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the company and the Shareholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Company and its service providers. Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or the parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in which a Fund invests and parties with which the Company engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Company or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Fund invests or with which it does business.

### **Liquidity risk**

In normal market conditions a Fund's assets comprise mainly realisable investments which can be readily sold. The Fund manages its investments, including cash, such that it can meet its liabilities as they fall due. Investments held may need to be sold if insufficient cash is available to finance any shareholder redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that the price at which investments are sold may be lower than under normal market conditions which would adversely affect the Net Asset Value of the Fund.

### **Liabilities of the Company and the Funds**

As explained in Part 2 above, under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between 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 whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

### **Dilution**

Whilst the impact of dilution will be reduced by the application of a dilution levy, under certain market conditions it may be difficult to buy or sell investments for the Fund. As a result, it may not be possible to buy or sell certain investments at the last market price quoted or fair value. As a consequence, the activity by other investors buying and/or selling shares or units in the Fund may have an indirect impact on the Fund's value. This may be due to timing differences between the valuation point of the Fund and the time at which any underlying holdings can be bought or sold to invest or disinvest the cash flows. In exceptional circumstances, the issue, cancellation, sale and repurchase of Shares may be suspended where the ACD and/or Depositary believe it is in the interests of existing or potential investors to do so.

### **Concentration Risk**

If a Fund invests in a concentrated portfolio of assets, short-term volatility could be relatively high which means that should a particular investment decline in value or is adversely affected it may have a more pronounced effect than if the Fund held a larger number of investments.

Short-term volatility could be relatively high for a concentrated portfolio compared to a less-concentrated portfolio.

### **Stock lending**

The entry into stock lending transactions for the account of the Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors, with an acceptable degree of risk (see Appendix B). In return for lending stock, collateral will be received to cover against the risk that the stock is not returned. However, stock lending involves a risk that the borrower of stock lent fails to return the stock, as the collateral received may realise less than the value of the stock lent out.

### **Inflation/ Deflation risk**

In periods of heightened inflation or deflation the real value of the Fund's investments may be negatively impacted.

### **Taxation**

Statements on taxation (see Section 9) impacting the Company and Shareholders are based on the current position in the UK as at the time of publication. There can be no guarantee that the tax position prevailing at the time of investment will endure indefinitely.

The value of investments held by the Company could alter as a result of changes in future legislation.

The impact of taxation on Shareholders could also alter as a result of changes in future legislation.

There may also be other taxes applicable to the shareholders' investments and any potential investor in doubt as to their tax position should take professional advice.

### **Fund Specific Risk Factors – VT EPIC UK Equity Market Fund**

In addition to the general risk factors outlined above, potential investors in the VT EPIC UK Equity Market Fund should consider the following specific risk factors before investing in the Fund. Such factors apply directly to the Fund in connection with investments it holds or strategies in it.

### **Investment Objective**

The investment strategy followed by the Investment Adviser involves investing in the shares of companies. The value of shares may fluctuate in response to general economic or market conditions or in response to other events such as the results or activities of the respective company.

As the Fund also invests primarily in shares of companies which are listed in the UK, the Fund will have a greater exposure to UK market, political, legal, economic and social risks than a Fund which diversifies across a number of countries.

Therefore the Fund should be viewed as a long-term investment only and appropriate only for those investors who can assess the risks and potential rewards and who can bear any resulting losses.

### **Use of derivatives**

As outlined in Appendix B and Appendix D, the Fund may enter into derivatives transactions for investment purposes.

This means that the net asset value of the Fund may at times be highly volatile (in the absence of compensating investment techniques). However, it is the intention that the Fund owing to its portfolio composition, and/or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments although this outcome is not guaranteed and the risk profile of the Fund may be higher than it would otherwise have been as a consequence of the use of derivatives as described above.

The Fund may use derivatives to create synthetic long or short positions. The use of synthetic shorting involves an exposure through derivatives (including, contracts for difference, swaps and other types of derivatives) to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Fund's value.

### **Use of contracts for difference**

In order to generate positive returns where the investment manager has identified an overvalued share which is anticipated to fall in absolute terms, it is anticipated that the Fund could utilise contracts for difference (CFDs) to create the effect of short positions. Risks are higher with CFDs than those associated with regular shares trading. Whereas with a share trade, the maximum loss is the amount paid for the shares, there is a possibility with a CFD trade that a larger loss is made (for example if a share being shorted using a CFD went up in value when it was anticipated that it would go down) and that a loss larger than the original notional exposure is possible.

This level of loss is theoretically unlimited as the price of the share subject to the CFD shorting strategy could go up an infinite amount. In order to manage risk when investing in CFDs, short exposure is therefore monitored very closely by the investment manager.

### **Fund Specific Risk Factors – VT EPIC Asian Centric Global Growth Fund**

In addition to the general risk factors outlined above, potential investors in the VT EPIC Asian Centric Global Growth Fund should consider the following specific risk factors before investing in the Fund. Such factors apply directly to the Fund in connection with investments it holds or strategies in it.

#### **Investment Objective**

The investment strategy followed by the Investment Adviser involves investing in the shares of companies. The value of shares may fluctuate in response to general economic or market conditions or in response to other events such as the results or activities of the respective company.

As the Fund has a focus for investment in shares of companies which are listed in Asia, the Fund will have a greater exposure to Asian markets, political, legal, economic and social risks.

Therefore the Fund should be viewed as a long-term investment only and appropriate only for those investors who can assess the risks and potential rewards and who can bear any resulting losses.

## **Currency risk**

Currency fluctuations may adversely affect the value of a Fund's investments and the income thereon and, depending on a Shareholder's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares. Exchange rate changes may also cause the value of underlying overseas investments of a Fund and any income from them to go down as well as up.

The Net Asset Value per Share of a Fund will be computed in the base currency, whereas the investments held for the account of that Fund may be acquired in other currencies. The base currency value of the investments of a Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates (e.g. between the base currency and the currency of the assets of the Fund) can result in a decrease in return and a loss of capital. The Investment Adviser may or may not try to mitigate such risk by using financial instruments where they consider it to be in the best interests of shareholders. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency.

## **13. General Information**

### **Risk Management Information**

The ACD must use a risk management process enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of that Fund. On request, the ACD will provide a Shareholder with information supplementary to this Prospectus relating to:

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

### **Order Execution information**

In accordance with the Conduct of Business Rules Sourcebook, published by the FCA as part of its Handbook of Rules, the ACD needs to put in place arrangements to execute orders most favourable to and in the interests of the Company.

As set out above, the ACD has delegated the investment management to the Investment Adviser, who in turn executes decisions to deal on behalf of the Funds. The Investment Adviser must, in accordance with the FCA's Handbook of Rules, establish and implement an order execution policy to allow it to obtain the best possible results in accordance with the obligations under those rules.

On request, the ACD will, free from charge, provide a Shareholder with information supplementary to this Prospectus relating to the execution policy.

## **Voting Rights Strategy**

In accordance with the FCA Rules, the ACD must develop strategies for determining when and how voting rights of assets held within the Scheme Property are to be exercised ("Voting Rights Strategy"). A summary copy of the ACD's Voting Rights Strategy, together with details of the actions which the ACD has taken on the basis of those strategies are available, free of charge, from the ACD by telephoning 01343 880344 or by writing to Mains of Orton, Orton, Moray, IV32 7QE.

## **Financial Services Compensation Scheme**

The ACD is covered by the Financial Services Compensation Scheme. Shareholders may be entitled to compensation from the scheme if the ACD cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment businesses are covered for 100% of investments up to £85,000. Further information is available from:

The Financial Services Compensation Scheme  
PO Box 300  
Mitcheldean  
GL17 1DY  
Tel: 0800 678 1100

Website: [www.fscs.org.uk](http://www.fscs.org.uk)

## **Documents Available for Inspection**

Copies of the following documents may be inspected free of charge between 9.00 am and 5.00 pm on every Business Day at the offices of the ACD at Mains of Orton, Orton, Moray, IV32 7QE:

- (a) the Instrument of Incorporation (and any document by which it is amended);
- (b) the ACD Agreement; and
- (c) following their issue, the most recent annual and half-yearly reports.

Shareholders may obtain copies of the above documents from the same address. The ACD may make a charge at its discretion for copies of those documents noted at (a) and (b) above. Any person may request a copy of the most recent Prospectus and/or the annual and half yearly reports free of charge.

## **Material Contracts**

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

- (a) the ACD Agreement regulating the relationship between the Company and the ACD; and
- (b) the Depositary Agreement regulating the relationship between the Company, the ACD and the Depositary;

Information regarding those contracts is set out above under the heading "Management and Administration".

## **Genuine diversity of ownership**

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in it) and institutional investors. Different Share Classes of a Fund are issued to different types of investors.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

### **Complaints**

Complaints concerning the operation or marketing of the Company or any Fund should first of all be referred to:

The Compliance Officer  
Valu-Trac Investment Management Limited  
Mains of Orton  
Orton  
Moray  
IV32 7QE

The ACD has documented procedures that comply with the FCA Handbook of Rules for the due consideration and proper handling of complaints. Copies of our complaints handling procedures are available on request from the ACD at the above address. The ACD will investigate all complaints in accordance with these internal procedures and, if a complaint is not resolved within 8 weeks after its receipt by the ACD, we will inform the complainant that we have been unable to reach an agreement and, if the complaint is about a matter covered by the Financial Ombudsman Service, details of this service will be provided to the complainant.

The Financial Ombudsman Service will normally only consider a complaint after having given the ACD the opportunity to resolve the complaint to the satisfaction of the customer.

The address for the Financial Ombudsman is:

The Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR  
[complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)



## Appendix A Eligible Markets

### Eligible Securities markets

Set out below are the securities markets through which the Schemes may invest when dealing in approved securities:

UK and Ireland	The London Stock Exchange The "When Issued Trading" Alternative Investment Market
Europe (ex UK and Ireland)	Any securities market in the EU Member States on which transferable securities admitted to official listing are dealt in or traded and, for the avoidance of any doubt, NASDAQ – Europe, Euronext Amsterdam, Euronext Paris, BME Spanish Exchange, Xetra, Milan Stock Exchange, OMX Nordic Exchange (Copenhagen A/S and Helsinki Oy)
Australia	Australian Securities Exchange Ltd (ASX)
Brazil	Bolsa de Valores de Sao Paulo (BM&F BOVESPA)
Canada	TSX Venture Exchange The Montreal Stock Exchange (MX) The Toronto Stock Exchange (TSX)
China	Shanghai Stock Exchange Shenzhen Stock Exchange
Hong Kong	Hong Kong Exchanges Growth Enterprise Market The Stock Exchange of Hong Kong Ltd
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange Surabaya Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	The Tokyo Stock Exchange The Osaka Securities Exchange The Nagoya Stock Exchange The Sapporo Stock Exchange JASDAQ Securities Exchange Inc.
Malaysia	Bursa Malaysia Berhad
Mexico	Bolsa Mexicana de Valores (BMX)
New Zealand	The New Zealand Stock Exchange (NZX)
Philippines	The Philippine Stock Exchange, Inc
Singapore	Singapore Exchange (SGX)
South Africa	JSE Securities Exchange
South Korea	Korea Exchange Incorporated (KRX)
Sri Lanka	Colombo Stock Exchange (CSE)
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange Taipei Exchange
Thailand	Stock Exchange of Thailand (SET)
Turkey	Istanbul Stock Exchange (Borsa Istanbul)
USA	The American Stock Exchange (NYSE MK LLC) The Boston Stock Exchange (BSE) National Stock Exchange (NSX) The New York Stock Exchange (NYSE) (NYSE Consolidated) NYSE Arca The Philadelphia Stock Exchange (PHLX) NASDAQ
	OTC Markets regulated by the NASD/NASDAQ

Vietnam

Nasdaq Global Select Consolidated  
Hochiminh Stock Exchange

### **Eligible Derivatives markets**

Set out below are the derivative markets through which the Scheme may invest when dealing in derivatives:

American Stock Exchange  
 Australian Securities Exchange  
 Chicago Board of Trade  
 Chicago Board Options Exchange  
 Chicago Mercantile Exchange  
 Copenhagen Stock Exchange (including FUTOP)  
 Equities Derivatives Market (IDEM)  
 EUREX  
 Eurolist Amsterdam  
 Eurolist Brussels  
 Euronext LIFFE  
 Eurolist Paris  
 FUTOP  
 Futures Market for Government Securities (MIF)  
 Helsinki Exchanges  
 Hong Kong Exchanges  
 Irish Stock Exchange  
 Italian Stock Exchange Milan  
 Mercato Italiano Futures Exchange  
 Johannesburg Stock Exchange  
 Kansas City Board of Trade  
 Korea Exchange Incorporated (KRX)  
 MEFF Renta Fija Barcelona  
 MEFF Renta Variable Madrid  
 Montreal Stock Exchange  
 New York Futures Exchange  
 New York Mercantile Exchange  
 New York Stock Exchange  
 OMLX London  
 One Chicago  
 Osaka Securities Exchange  
 Pacific Stock Exchange  
 Philadelphia Board of Trade  
 Philadelphia Stock Exchange  
 Singapore Exchange  
 South Africa Futures Exchange (SAFEX)  
 Stockholmsborsen  
 Tokyo Stock Exchange  
 Tokyo International Financial Futures Exchange (TIFFE)  
 Toronto Stock Exchange  
 Vienna Stock Exchange

## **Appendix B**

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

This Appendix sets out a summary of the investment and borrowing powers applicable in terms of the FCA Rules to each Fund as they apply to UCITS schemes.

The Scheme Property of each of the Funds will be invested with the aim of achieving the investment objective of that Fund but subject to the limits on investment set out in COLL 5 of the FCA Rules. These limits apply to each Fund as summarized below.

Cash and near cash may be held in the Scheme Property to the extent that this may reasonably be regarded as necessary to enable the pursuit of the Fund's investment objectives, shares to be redeemed, efficient management of that Fund in accordance with its investment objectives or other purposes which may reasonably be regarded as ancillary to the investment objectives of that Fund.

The ACD's policy is to make use of the flexibility to hold cash and near cash, as the Investment Adviser considers appropriate. In respect of the VT EPIC UK Equity Market Fund and VT EPIC Asian Centric Global Growth Fund, from time to time a substantial proportion of the Scheme Property may consist of cash and/or near cash.

#### **1. Treatment of obligations**

- 1.1 Where the FCA Rules allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Funds under any other of those rules has also to be provided for.
- 1.2 Where a rule in the FCA Rules permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
  - 1.2.1 it must be assumed that in applying any of those rules, each Fund must also simultaneously satisfy any other obligation relating to cover; and
  - 1.2.2 no element of cover must be used more than once.

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

- 2.1 The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of that Fund aims to provide a prudent spread of risk.
- 2.2 The requirements on spread do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Funds (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

#### **3. UCITS –schemes - general**

- 3.1 Subject to the investment objectives and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:
  - 3.1.1 transferable securities;
  - 3.1.2 approved money market instruments;
  - 3.1.3 units or shares in permitted collective investment schemes;

- 3.1.4 derivatives and forward transactions;
- 3.1.5 deposits; and
- 3.1.6 movable and immovable property that is essential for the direct pursuit of the Company's business

in accordance with the rules in this Appendix B.

- 3.2 The Funds will not hold movable or immovable property.

#### **4. Transferable Securities**

- 4.1 A transferable security is an investment which is any of the following:

- 4.1.1 a share;
- 4.1.2 a debenture;
- 4.1.3 an alternative debenture;
- 4.1.4 a government and public security;
- 4.1.5 a warrant; or
- 4.1.6 a certificate representing certain securities.

- 4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

- 4.3 In applying paragraph 4.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc.), 77 (instruments creating or acknowledging indebtedness) or 77A (alternative debentures) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

- 4.5 No more than 5% of the Scheme Property of a Fund may be invested in warrants.

#### **5. Investment in transferable securities**

- 5.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 5.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- 5.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under COLL 6.2.16R(3);
- 5.1.3 reliable valuation is available for it as follows:
  - 5.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular

prices which are either market prices or prices made available by valuation systems independent from issuers;

5.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

5.1.4 appropriate information is available for it as follows:

5.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.5 it is negotiable; and

5.1.6 its risks are adequately captured by the risk management process of the ACD.

5.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

5.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

5.2.2 to be negotiable.

## **6. Closed end funds constituting transferable securities**

6.1 A unit or share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5 (Investment in transferable securities) above and either:

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

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

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

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

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

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

## **7. Transferable securities linked to other assets**

7.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

7.1.1 fulfils the criteria for transferable securities set out in COLL 5.2.7A R; and

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

7.2 Where an investment in 7.1 contains an embedded derivative component (as described in 19 (Derivatives: General) below) the requirements of this section with respect to derivatives and forwards will apply to that component.

## **8. Approved money market instruments**

8.1 A Fund may invest in approved money market instruments which are money market instruments normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.

8.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:

8.2.1 has a maturity at issuance of up to and including 397 days;

8.2.2 has a residual maturity of up to and including 397 days;

8.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

8.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 8.2.1 or 8.2.2 or is subject to yield adjustments as set out in 8.2.3.

8.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

8.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

8.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and

8.4.2 based either on market data or on valuation models including systems based on amortised costs.

8.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## **9. Transferable securities and money market instruments generally to be admitted to or dealt in on an eligible market**

9.1 Transferable securities and approved money market instruments held within a Fund must (subject to paragraph 9.2 of this Appendix) be:

- 9.1.1 admitted to or dealt on an eligible market as described in paragraph 10.1.1 below; or
  - 9.1.2 dealt in on a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
  - 9.1.3 admitted to or dealt in on an eligible market which has been designated an eligible market by the ACD in consultation with the Depositary (as described below); or
  - 9.1.4 a money-market instrument within COLL 5.2.10 A R(1) (is as described in paragraph 8 below); or
  - 9.1.5 recently issued transferable securities provided that:
    - 9.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 9.1.5.2 such admission is secured within a year of issue.
- 9.2 Not more than 10% in value of the Scheme Property of a Fund may consist of transferable securities or approved money market instruments, which do not fall within paragraph 9.1.
- 10. Eligible Markets: requirements**
- 10.1 A market is eligible for the purposes of the rules if it is:
- 10.1.1 a regulated market as defined in the FCA Handbook; or
  - 10.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
  - 10.1.3 a market within paragraph 10.2
- 10.2 A market not falling within paragraphs 10.1.1 and 10.1.2 of this Appendix is eligible for the purposes of COLL 5 if:
- 10.2.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;
  - 10.2.2 the market is included in a list in this prospectus; and
  - 10.2.3 the Depositary has taken reasonable care to determine that:
    - 10.2.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 10.2.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 10.3 In paragraph 10.2.1, a market must not be considered appropriate unless it is: regulated; operates regularly; is recognised as a market or exchange or as a self regulating organisation by an overseas regulator; is open to the public; is adequately liquid; and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.



## **11. Money-market instruments with a regulated issuer**

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

- 11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings;
- 11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12 below; and
- 11.1.3 the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with the requirements of the Companies Act 2006 applicable to public companies limited by shares or by guarantee, or private companies limited by shares or by guarantee, or, for companies incorporated in the EEA, Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

- 11.2.1 the instrument is an approved money-market instrument;
- 11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13; and
- 11.2.3 the instrument is freely transferable.

## **12. Issuers and guarantors of money-market instruments**

12.1 A Fund may invest in an approved money-market instrument if it is:

- 12.1.1 issued or guaranteed by any one of the following:
  - 12.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
  - 12.1.1.2 a regional or local authority of the United Kingdom or an EEA State;
  - 12.1.1.3 the European Central Bank or a central bank of an EEA State;
  - 12.1.1.4 the European Union or the European Investment Bank;
  - 12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
  - 12.1.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or
- 12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 12.1.3 issued or guaranteed by an establishment which is:

- 12.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law; or
  - 12.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.
- 12.2 An establishment shall be considered to satisfy the requirement in paragraph 12.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 12.2.1 it is located in the European Economic Area;
  - 12.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 12.2.3 it has at least investment grade rating;
  - 12.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.
- 13. Appropriate information for money-market instruments**
- 13.1 In the case of an approved money-market instrument within paragraph 12.1.2 or issued by a body of the type referred to in COLL 5.2.10E G, or which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.4 but is not guaranteed by a central authority within 12.1.1.1 the following information must be available:
  - 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.1.3 available and reliable statistics on the issue or the issuance programme.
- 13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3 the following information must be available:
  - 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 13.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 13.3 In the case of an approved money-market instrument:
  - 13.3.1 within paragraphs 12.1.1.2, 12.1.1.4 or 12.1.1.5; or
  - 13.3.2 which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.4 and is guaranteed by a central authority within paragraph 12.1.1.1;

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

#### **14. Spread: general**

- 14.1 This paragraph 14 on spread does not apply to government and public securities.
- 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of the Companies Act 2006, Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 14.3 Not more than 20% in value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 14.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money market instruments issued by any single body.
- 14.5 The limit of 5% in paragraph 14.4 is raised to 10% in respect of up to 40% in value of the Scheme Property of a Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).
- 14.6 The limit of 5% in paragraph 14.4 is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 14.7 In applying paragraphs 14.4 and 14.5, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 14.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 14.9 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
- 14.10 Not more than 20% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.
- 14.11 In applying the limits in paragraphs 14.3 to 14.9, and subject to paragraph 14.6, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 14.11.1 transferable securities (including covered bonds) or approved money market instruments issued by; or
  - 14.11.2 deposits made with; or
  - 14.11.3 exposures from OTC derivatives transactions made with a single body.

#### **15. Counterparty risk and issuer concentration**

- 15.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 14.8 and 14.11 above.
- 15.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 14.8 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided:

- 15.3.1 It is able legally to enforce netting agreements with the counterparty on behalf of the Fund; and
- 15.3.2 the netting agreements in paragraph 15.3.1 do not apply to any other exposures the Fund may have with that same counterparty.
- 15.4 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 15.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 14.8 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 15.6 Collateral passed in accordance with paragraph 15.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 15.7 The ACD must calculate the issuer concentration limits referred to in paragraph 14.8 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 15.8 In relation to the exposure arising from OTC derivatives as referred to in paragraph 14.8 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
- 16. Spread: government and public securities**
- 16.1 The following section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
  - 16.1.1 The United Kingdom or an EEA state;
  - 16.1.2 a local authority of the United Kingdom or an EEA state;
  - 16.1.3 a non-EEA state; or
  - 16.1.4 a public international body to which the UK or one or more EEA states belong
- 16.2 Where no more than 35% in value of the Scheme Property of a 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.
- 16.3 A Fund may invest more than 35% in value of the Scheme Property of a Fund in such securities issued by any one body provided that:
  - 16.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised Fund;
  - 16.3.2 no more than 30% in value of the Scheme Property of a Fund consists of such securities of any one issue;
  - 16.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and
  - 16.3.4 the disclosures in the Prospectus required by the FCA have been made.
- 16.4 In relation to such securities:

- 16.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

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

- 17.1 Up to 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the conditions and provided that not more than 10% of the value of the Fund is invested in Second Schemes within paragraphs within paragraphs 17.2.2 to 17.2.4.
- 17.2 The Second Scheme must:
  - 17.2.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
  - 17.2.2 be a recognised scheme under the provisions of section 272 of the Financial Services and Markets Act 2000 (Individually recognised overseas schemes) that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of article 50(1)(e) of the UCITS Directive are met);or  
  
be authorised as a non-UCITS retail scheme (provided that the requirements of Article 50(1)(e) of the UCITS Directive are met); or
  - 17.2.3 be authorised in an EEA State (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or
  - 17.2.4 be authorised by the competent authority of an OECD member country which has:
    - 17.2.4.1 signed the IOSCO Multilateral Memorandum of Understanding; and
    - 17.2.4.2 approved the scheme's management company, rules and depositary and custody arrangements.

(provided the requirements of Article 50(1)(e) of the UCITS Directive are met);
- 17.3 The Second Scheme must comply, where relevant, with COLL 5.2.15 R and COLL 5.2.16 R.
- 17.4 The Second Scheme has terms which prohibit more than 10% in value of the Scheme Property consisting of units or shares in collective investment schemes.
- 17.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 14, 17.3 and 17.4 apply to each sub-fund as if it were a separate scheme.
- 17.6 The Scheme Property attributable to a Fund may include Shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 17.7 below.
- 17.7 A Fund may invest in or dispose of Shares of a Second Fund provided that:
  - 17.7.1 the Second Fund does not hold Shares in any other Fund of the Company;
  - 17.7.2 the requirements set out at paragraphs 17.8 and 17.9 below are complied with; and
  - 17.7.3 the investing or disposing Fund must not be a feeder UCITS to the Second Fund.

- 17.8 The Fund may, subject to the limit set out in paragraph 17.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its Associates, including for the avoidance of doubt another Fund of the Company.
- 17.9 Investment may only be made in a Second Fund or other collective investment schemes managed by the ACD or an Associate of the ACD if the rules on double charging contained in the FCA Rules are complied with.
- 17.10 Where a Fund of the Company invests in or disposes of Shares in a Second Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

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

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

## **19. Derivatives : general**

**A Fund may use scheme property to enter into transactions for the purposes of Efficient Portfolio Management and for investment purposes. The use of derivatives may increase the risk profile of the Fund as described in Part 12, Risk Factors and Appendix D.**

- 19.1 A transaction in derivatives or a forward transaction must not be effected for the Fund unless:
- 19.1.1 the transaction is of a kind specified in paragraph 20 (Permitted transactions (derivatives and forwards)); and
  - 19.1.2 the transaction is covered, as required by paragraph 29 (Cover for investment in derivatives and forward transactions).
- 19.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the FCA Rules in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 19.3 Where a transferable security or an approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 19.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 19.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 19.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

- 19.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 19.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 19.6 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial Indices underlying derivatives) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R. This relaxation is subject to the ACD taking account of COLL 5.2.3 R.
- 20. Permitted transactions (derivatives and forwards)**
- 20.1 A transaction in a derivative must be:
- 20.1.1 in an approved derivative; or
  - 20.1.2 be one which complies with paragraph 25 (OTC transactions in derivatives) of this Appendix.
- 20.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated:
- 20.2.1 transferable securities;
  - 20.2.2 approved money market instruments permitted under paragraph 8 (Investment in approved money market instruments);
  - 20.2.3 deposits;
  - 20.2.4 permitted derivatives under this paragraph;
  - 20.2.5 collective investment scheme units or shares permitted under paragraph 17 (Investment in collective investment schemes);
  - 20.2.6 financial indices which satisfy the criteria set out in COLL 5.2.20;
  - 20.2.7 interest rates;
  - 20.2.8 foreign exchange rates; and
  - 20.2.9 currencies.
- 20.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 20.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 20.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 23 (Requirement to cover sales) are satisfied.
- 20.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

- 20.7 A derivative includes an instrument which fulfils the following criteria:
- 20.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 20.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 3 above (UCITS schemes: general) including cash;
  - 20.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 24 (OTC transactions in derivatives);
  - 20.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 20.8 A Fund may not undertake transactions in derivatives on commodities.

## **21. Financial indices underlying derivatives**

- 21.1 The financial indices referred to above are those which satisfy the following criteria:
- 21.1.1 the index is sufficiently diversified;
  - 21.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 21.1.3 the index is published in an appropriate manner.
- 21.2 A financial index is sufficiently diversified if:
- 21.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 21.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 21.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 21.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 21.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 21.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 21.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 21.4 A financial index is published in an appropriate manner if:
- 21.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and



21.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

21.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 20.2, be regarded as a combination of those underlyings.

## **22. Transactions for the purchase of property**

22.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if:

22.1.1 that property can be held for the account of the Fund; and

22.1.2 the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the FCA Rules.

## **23. Requirement to cover sales**

23.1 No agreement by or on behalf of the Fund to dispose of property or rights may be made unless:

23.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

23.1.2 the property and rights above are owned by the Fund at the time of the agreement.

23.2 This requirement does not apply to a deposit.

## **24. OTC transactions in derivatives**

24.1 Any transaction in an OTC derivative must be:

24.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; a person whose permission (including any requirements or limitations), as published in the FCA Register, permits it to enter into the transaction as principal off-exchange; a central counterparty ("CCP") that is authorised and recognised in that capacity in accordance with the EMIR; or a CCP supervised in a jurisdiction that has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;

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

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

24.1.2.2 can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

- 24.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 24.1.3.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 24.1.3.2 if the value referred to in paragraph 24.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 24.1.4 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 24.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 24.1.4.2 a department within the ACD which is independent from the department in charge of managing the Fund and which is adequately equipped for such a purpose.
- 24.2 For the purposes of this paragraph, "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.
- 25. Valuation of OTC derivatives**
- 25.1 For the purposes of paragraph 24.1.2, the ACD must:
  - 25.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
  - 25.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 25.2 Where the arrangements and procedures referred to in paragraph 25.1.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).
- 25.3 The arrangements and procedures referred to in this rule must be:
  - 25.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 25.3.2 adequately documented.

## **26. Risk Management**

26.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

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

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

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

## **27. Investments in deposits**

27.1 The Fund may invest in deposits only if it is with an Approved Bank and is repayable on demand or have the right to be withdrawn, and matures in no more than 12 months.

## **28. Schemes replicating an index**

28.1 A Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

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

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

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

28.4.1 the composition is sufficiently diversified;

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

28.4.3 the index is published in an appropriate manner.

## **29. Significant influence**

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

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

29.1.2 the acquisition gives the Company that power.

29.2 For the purposes of paragraph 29.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the

voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

### **30. Concentration**

A UCITS scheme:

- 30.1 must not acquire transferable securities (other than debt securities) which:
  - 30.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 30.1.2 represent more than 10% of those securities issued by that body corporate;
- 30.2 must not acquire more than 10% of the debt securities issued by any single body;
- 30.3 must not acquire more than 25% of the units in a collective investment scheme;
- 30.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and
- 30.5 need not comply with the limits in paragraphs 30.2 to 30.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

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

- 31.1 The ACD must ensure that its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property.

### **32. Daily calculation of global exposure**

- 32.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.
- 32.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

### **33. Calculation of global exposure**

- 33.1 The ACD must calculate the global exposure of any Fund it manages either as:
  - 33.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 19 (Derivatives: general), which may not exceed 100% of the net value of the scheme property of a Fund, by way of the commitment approach; or
  - 33.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach.
- 33.2 The ACD must ensure that the method selected above is appropriate, taking into account:
  - 33.2.1 the investment strategy pursued by the Fund;
  - 33.2.2 the types and complexities of the derivatives and forward transactions used; and
  - 33.2.3 the proportion of the scheme property comprising derivatives and forward transactions.

33.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 37 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

33.4 For the purposes of paragraph 33.1.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

#### **34. Commitment approach**

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

34.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 19 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 37 (Stock lending); and

34.1.2 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).

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

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

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

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

#### **36. Risk management**

36.1 The ACD uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

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

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

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

#### **37. Stock lending**

37.1 The entry into stock lending transactions for the account of the Fund is permitted for the generation of additional income for the benefit of the Fund, and in the interests of its investors.

37.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in

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

- 37.3 The stock lending permitted by this section may be exercised by the Fund when it reasonably appears to the Fund or to the ACD to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.
- 37.4 The Company or the Depositary acting in accordance with the instructions of the ACD may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if :
- 37.4.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- 37.4.2 the counterparty is:
- 37.4.2.1 an authorised person; or
- 37.4.2.2 a person authorised by a Home State regulator; or
- 37.4.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
- 37.4.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America:
- 37.4.2.5 the Office of the Comptroller of the Currency;
- 37.4.2.6 the Federal Deposit Insurance Corporation;
- 37.4.2.7 the Board of Governors of the Federal Reserve System; and
- 37.4.2.8 the Office of Thrift Supervision, and
- 37.4.2.9 high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 19.4.1 and the collateral is:
- 37.4.2.10 acceptable to the depositary;
- 37.4.2.11 adequate; and
- 37.4.2.12 sufficiently immediate.
- 37.5 The counterparty for the purpose of paragraph 37.5 is the person who is obliged under the agreement referred to in paragraph 37.4.1 to transfer to the depositary the securities transferred by the depositary under the stock lending arrangement or securities of the same kind.
- 37.6 Paragraph 37.4.2 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

- 37.7 The Depositary must ensure that the value of the collateral at all times is at least equal in value to the market value of the securities transferred by the Depositary plus a premium. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 37.8 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the FCA Rules, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.
- 37.9 There is no limit on the value of the Scheme Property of a Fund which maybe the subject of stock lending transactions.

### **38. Cash and near cash**

- 38.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 38.1.1 the pursuit of the Fund's investment objectives; or
  - 38.1.2 the redemption of units or shares; or
  - 38.1.3 efficient management of the Fund in accordance with its investment objective; or
  - 38.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 38.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

### **39. General**

- 39.1 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 39.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

### **40. Underwriting**

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

### **41. Borrowing powers**

- 41.1 The Company may, on the instructions of the ACD and subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 41.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without prior consent of the Depositary, which may be given only on

such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

41.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.

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

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

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

42.2 Transactions permitted by paragraph 37 (Stock lending) are not to be regarded as lending for the purposes of this Appendix.

42.3 Nothing in this paragraph prevents the Depositary at the request of the ACD from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.

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

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

43.2 Acquiring a debenture is not lending for the purposes of paragraph 43.1, nor is the placing of money on deposit or in a current account.

## **44. Guarantees and indemnities**

44.1 The Depositary, for the account of a Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.

44.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

44.3 Paragraphs 44.1 and 44.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where share assets are becoming part of the Scheme Property by way of unitisation.



## **Appendix C**

### **Determination of Net Asset Value**

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

The Net Asset Value of the scheme property of the Company or Fund (as the case may be) shall be the value of its assets less the value of its liabilities and shall be determined in accordance with the following provisions:

1. all the scheme property (including receivables) is to be included, subject to the following provisions;
2. property which is neither an asset dealt with in paragraphs 3 to 4A (inclusive) below shall be valued as set out below and the prices used shall (subject as set out below) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial or preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (b) any other transferable security:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (c) property other than that described in sub-paragraphs (a) and (b) above, at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price;
3. cash and amounts held in current deposit and margin accounts and in other time-related deposits shall be valued at their nominal values;
- 3A. approved money market instruments which have a residual maturity of less than three months and have no specific sensitivity to market parameters, including credit risk, shall be valued on an amortised cost basis;
4. exchange-traded derivative contracts:
  - (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the average of the two prices;

- 4A. over-the-counter derivative contracts shall be valued on the basis of an up-to-date market valuation which the ACD and the Depositary have agreed is reliable or if this is not available, on the basis of a pricing model which the ACD and the Depositary have agreed;
5. all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case;
6. subject to paragraph 7 below, agreements for the unconditional sale or purchase of property (excluding futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options) which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if they are made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount;
7. all agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property;
8. deduct an estimated amount for anticipated tax liabilities (on unrealised gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) at that point in time including (as applicable and without limitation) any liability for capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax;
9. deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon, for this purpose treating periodic items as accruing from day to day;
10. deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;
11. add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;
12. add any other credits or amounts due to be paid into the scheme property;
13. add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received;
14. currencies or values in currencies other than base currency of the Company or (as the case may be) the designated currency of a Fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

### **Proportionate Interests**

1. If there is more than one Class in issue in respect of a Fund, the proportionate interests of each Class in the assets and income of the Fund shall be ascertained as follows:
  - (i) A notional account will be maintained for each Class. Each account will be referred to as a "**Proportion Account**".
  - (ii) The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Fund at that time. The proportionate interest of a Class of share in the assets and income of a Fund is its "proportion".

- (iii) There will be credited to a Proportion Account:
- the subscription money (excluding any initial or preliminary charges) for the issue of Shares of the relevant Class;
  - that Class's proportion of the amount by which the Net Asset Value of the Fund exceeds the total subscription money for all Shares in the Fund;
  - the Class's proportion of the Fund's income received and receivable; and
  - any notional tax benefit under paragraph (v) below.
- (iv) There will be debited to a Proportion Account:
- the redemption payment (including any exit or redemption charges payable to the ACD) for the cancellation of Shares of the relevant Class;
  - the Class's proportion of the amount by which the Net Asset Value of the Fund falls short of the total subscription money for all Shares in the Fund;
  - all distributions of income (including equalisation if any) made to Shareholders of that Class;
  - all costs, charges and expenses incurred solely in respect of that Class;
  - that Class's proportion of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the Fund, but not in respect of the Fund as a whole;
  - that Class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole; and
  - any notional tax liability under paragraph (v).
- (v) Any tax liability in respect of the Fund and any tax benefit received or receivable in respect of the Fund will be allocated between Classes in order to achieve, so far as possible, the same result as would have been achieved if each Class were itself a Fund so as not materially to prejudice any Class. The allocation will be carried out by the ACD after consultation with the Company's auditors.
- (vi) Where a Class is denominated in a currency which is not the base currency of the Company, the balance on the Proportion Account shall be converted into the base currency of the Company in order to ascertain the proportions of all Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- (vii) The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.
2. Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

3. When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the relevant Fund as each other Share of the same category and Class then in issue in respect of that Fund.
4. The Company shall allocate the amount available for income allocation (calculated in accordance with the FCA Rules) between the Shares in issue relating to the relevant Fund according to the respective proportionate interests in the property of the Fund represented by the Shares at the Valuation Point in question.
5. The Company may adopt a different method of calculating the proportionate interests of each Class in the assets and income of a Fund from that set out in this part of Appendix C provided that the Directors are satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.
6. For Shares of each Class a smaller denomination share of that Class shall represent such proportion of a larger denomination share of that Class for the purposes of calculating the proportionate interests of such Shares in the assets and income of a Fund as the proportion which a smaller denomination share bears to a larger denomination share in accordance with this Prospectus and the Instrument of Incorporation.

## Appendix D Fund Details

<b>Name:</b>	<b>VT EPIC UK Equity Market Fund</b>
<b>PRN:</b>	639138
<b>Investment Objective:</b>	The aim of the Fund is to provide a combination of capital growth and income over the longer term (5 years).
<b>Investment Policy:</b>	<p>The Fund will invest at least 70% in equity securities of companies which are listed in the UK (and which are incorporated, domiciled or have significant operations in the UK).</p> <p>The Fund may also invest in other types of transferable securities (such as bonds and ETFs) and in companies which are not UK listed. At any one time, the Fund may invest in a relatively small number of securities.</p> <p>Use of derivatives will be limited, however, the Fund may invest in derivatives both for investment purposes and for efficient portfolio management. Derivatives may be used to create synthetic short positions in securities.</p> <p>The Fund may also invest in money market instruments, collective investment schemes (including those managed and/or operated by the ACD or Investment Manager), deposits, cash and near cash. Investment in collective investment schemes will also provide the Fund with indirect exposure to other asset classes such as commodities.</p> <p>Save as noted above in respect of a focus on UK listed equities, the Fund will not have any particular geographic or industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Use of Derivatives, impact on risk profile and volatility:</b>	<p>The Fund may invest in derivatives both for investment purposes and for efficient portfolio management. Use of derivatives will be limited.</p> <p><b>The use of derivatives may increase the risk profile of the Fund as described in Part 12, Risk Factors and below.</b></p> <p>A Fund may employ more sophisticated derivatives longer term in the pursuit of its investment objectives. This means that the net asset value of the Fund may at times be highly volatile (in the absence of compensating investment techniques). However, it is the intention that the Fund owing to its portfolio composition, and/or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments although this outcome is not guaranteed and the risk profile of the Fund may be higher than it would otherwise have been as a consequence of the use of derivatives as described above.</p>
<b>Benchmark:</b>	<p>The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, the performance of the Fund can be compared with the return of the FTSE 350 (total return in Sterling)</p> <p>The performance of the Fund can be compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Fund will make (and its risk/return objectives) at the current time. For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.</p>

<b>ISA:</b>	It is intended that the Fund will be managed so as to ensure that Shares in the Fund constitute qualifying investments for the purposes of the HM Revenue & Customs regulations governing Individual Savings Accounts as they apply from time to time.	
<b>Share Classes*:</b>	Class R Sterling net accumulation Shares Class R Sterling net income Shares  Class I Sterling net accumulation Shares Class I Sterling net income Shares  Class F Sterling net accumulation Shares Class F Sterling net income Shares	
<b>Minimum Initial Investment:</b>	Class R Sterling net accumulation Shares	£1,000
	Class R Sterling net income Shares	£1,000
	Class I Sterling net accumulation Shares	£1,000
	Class I Sterling net income Shares	£1,000
	Class F Sterling net accumulation Shares	£1,000
	Class F Sterling net income Shares	£1,000
<b>Minimum Subsequent Investment:</b>	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£500
	Class F Sterling net income Shares	£500
<b>Minimum Holding:</b>	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£500
	Class F Sterling net income Shares	£500
<b>Minimum Partial Redemption:</b>	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£500
	Class F Sterling net income Shares	£500
<b>Preliminary Charge:</b>	Class R Sterling net accumulation Shares	Nil
	Class R Sterling net income Shares	Nil
	Class I Sterling net accumulation Shares	Nil
	Class I Sterling net income Shares	Nil
	Class F Sterling net accumulation Shares	Nil
	Class F Sterling net income Shares	Nil
<b>Annual Management</b>	Class R Sterling net accumulation Shares	1.75%
	Class R Sterling net income Shares	1.75%

<b>Charge</b>	Class I Sterling net accumulation Shares	1.00%
	Class I Sterling net income Shares	1.00%
	Class F Sterling net accumulation Shares	0.85%
	Class F Sterling net income Shares	0.85%
<b>Charges and expenses deducted from:</b>	Capital	
<b>Annual Accounting Period:</b>	Ends 30 June	
<b>Half-yearly Accounting Period:</b>	1 July to 31 December	
<b>Distribution Periods</b>	1 January to 31 March, 1 April to 30 June, 1 July to 30 September, 1 October to 31 December,	
<b>Income Allocation /Distribution Dates:</b>	End February, 31 May, 31 August, 30 November	
<b>Historic performance:</b>	Please refer to Appendix F	
<b>Profile of typical investor:</b>	The Fund is designed for investors who plan to hold their investment for the long term. Potential investors should fully understand the additional risks associated with this particular asset class and be able to take a long term view of any investment in the Fund.	
	Individual investors should take advice from their own investment advisor and consult the latest Key Investor Information Document and annual or half-yearly report of the Fund in order to fully appraise the Fund's suitability.	

\*\*The annual management charge may be waived at the discretion of the ACD.

<b>Name:</b>	<b>VT EPIC Asian Centric Global Growth Fund</b>		
<b>PRN:</b>	843469		
<b>Investment Objective:</b>	The investment objective of the Fund is to provide capital growth together with some income, over the longer term (5 years).		
<b>Investment Policy:</b>	<p>The Fund will invest primarily (at least 70%) in international equity securities with a focus (c.40%) on companies which are listed in Asia.</p> <p>The Fund may also invest in other types of transferable securities (including ETFs), bonds, precious metal exchange traded funds and indirectly via collective investment schemes (including those managed and/or operated by the ACD or Investment Manager). Investment in collective investment schemes will also provide the Fund with indirect exposure to other asset classes such as commodities.</p> <p>The Fund may also invest in money market instruments, deposits, cash and near cash.</p> <p>Save as noted above in respect of a focus on Asia, the Fund will not have any particular geographic or industry or economic sector focus and as such weightings in these may vary as required.</p>		
<b>Use of Derivatives, impact on risk profile and volatility:</b>	The Fund may hold derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund. Use of derivatives will be limited		
<b>Benchmark:</b>	<p>The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance.</p> <p>However, the performance of the Fund can be compared to that of the MSCI All Country World Index (net GBP).</p> <p>The performance of the Fund can be compared against that of the index. This index has been selected as it is considered that this index most closely reflects the investments which the Fund will make (and its risk/return objectives) at the current time. For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.</p>		
<b>ISA:</b>	It is intended that the Fund will be managed so as to ensure that Shares in the Fund constitute qualifying investments for the purposes of the HM Revenue & Customs regulations governing Individual Savings Accounts as they apply from time to time.		
<b>Share Classes*:</b>	Class R Sterling net accumulation Shares Class R Sterling net income Shares		
<b>Minimum Initial Investment:</b>	Class R Sterling net accumulation Shares	£100	
	Class R Sterling net income Shares	£100	
<b>Minimum Subsequent Investment:</b>	Class R Sterling net accumulation Shares	£100	
	Class R Sterling net income Shares	£100	
<b>Minimum Holding:</b>	Class R Sterling net accumulation Shares	£100	
	Class R Sterling net income Shares	£100	



<b>Minimum Partial Redemption:</b>	Class R Sterling net accumulation Shares	£100
	Class R Sterling net income Shares	£100
<b>Preliminary Charge:</b>	Class R Sterling net accumulation Shares	Nil
	Class R Sterling net income Shares	Nil
<b>Annual Management Charge</b>	Class R Sterling net accumulation Shares	0.70%
	Class R Sterling net income Shares	0.70%
<b>Charges and expenses deducted from:</b>	Capital	
<b>Annual Accounting Period:</b>	Ends 30 June	
<b>Half-yearly Accounting Period:</b>	1 July to 31 December	
<b>Distribution Periods</b>	1 January to 31 March, 1 April to 30 June, 1 July to 30 September, 1 October to 31 December,	
<b>Income Allocation /Distribution Dates:</b>	By End February, 31 May, 31 August, 30 November	
<b>Historic performance:</b>	Please refer to Appendix F	
<b>Profile of typical investor:</b>	The Fund is designed for investors who plan to hold their investment for the long term. Potential investors should fully understand the additional risks associated with this particular asset class and be able to take a long term view of any investment in the Fund.	
	Individual investors should take advice from their own investment advisor and consult the latest Key Investor Information Document and annual or half-yearly report of the Fund in order to fully appraise the Fund's suitability.	

\*\*The annual management charge may be waived at the discretion of the ACD.



## Appendix E

### Other Regulated Collective Investment Schemes

Authorised collective investment schemes of which the ACD is the authorised corporate director			
Name	Place of registration	Registration number	Product Reference
Alligator Fund ICVC	England and Wales	IC000203	407790
Moray Place Investment Company*	Scotland	IC000934	573760
The Beagle Fund*	England and Wales	IC000789	505177
The Discovery Fund	England and Wales	IC000365	413970
The Mulben Investment Funds	England and Wales	IC000816	516628
The Prestney Fund	England and Wales	IC000175	407766
The Teal Fund	England and Wales	IC000257	227831
The VT Cindabella Fund	England and Wales	IC001049	714901
The VT Oxeye Funds**	England and Wales	IC001063	743815
Valu-Trac Investment Funds ICVC	Scotland	IC000953	581955
Valu-Trac Proprietary Funds ICVC*	Scotland	IC000986	605631
VT AI-FUNDS ICVC	England and	IC016426	913889

	Wales		
VT AJ Bell ICVC	England and Wales	IC001082	769363
VT Argonaut Funds	England and Wales	IC000943	576956
VT Asset Intelligence Fund Solutions ICVC*	England and Wales	IC035155	940231
VT Astute Funds ICVC	England and Wales	IC029376	928663
VT Avastra Funds	England and Wales	IC000854	532059
VT Blackfinch Funds ICVC	England and Wales	IC026707	925120
VT Cantab Funds ICVC	England and Wales	IC001114	808050
VT Cape Wrath Focus Fund*	England and Wales	IC001061	741524
VT Chelsea Managed ICVC	England and Wales	IC001085	773989
VT Clear Peak Capital ICVC	England and Wales	IC011866	841768
VT Contra Capital Funds ICVC	England and Wales	IC021606	918272
VT Dominion Holdings ICVC*	England and Wales	IC001093	778841
VT Downing Investor Funds ICVC	England and Wales	IC024590	921279
VT EPIC Investment Funds ICVC	England and Wales	IC000935	573884
VT EPIC Investment Fund Series	England and	IC000025	188718

II	Wales		
VT EPIC Investment Fund Series III	England and Wales	IC000584	472521
VT Esprit FS ICVC	England and Wales	IC001105	794635
VT Freedom UCITS OEIC	England and Wales	IC031441	932492
VT Garraway Investment Fund Series IV	England and Wales	IC000534	465988
VT Gravis UK Listed Property (Feeder) Fund	England and Wales	Unit Trust	913629
VT Gravis Funds ICVC	England and Wales	IC001055	724240
VT Gravis Real Assets Fund	England and Wales	IC016070	913626
VT Greystone ICVC	England and Wales	IC000403	434235
VT Greystone Cautious Managed ICVC*	England and Wales	IC000407	435265
VT Greystone Conservative Managed ICVC*	England and Wales	IC000533	465365
VT Grosvenor Funds ICVC	England and Wales	IC001077	762880
VT Halo Funds ICVC	England and Wales	IC001018	629070
VT Holland Advisors Funds ICVC	England and Wales	IC040266	947634
VT Johnston Financial Funds ICVC	England and Wales	IC027796	926097
VT KMGIM Strategies ICVC	England and	IC016648	914127

	Wales		
VT Momentum Investment Funds	England and Wales	IC000851	531222
VT Momentum Investment Funds II	England and Wales	IC000342	407990
VT Munro Smart-Beta Fund	England and Wales	IC000551	467964
VT North Capital Funds ICVC	England and Wales	IC026575	924848
VT Plain English Finance Funds ICVC	England and Wales	IC001096	782737
VT PortfolioMetrix GBP Funds ICVC	England and Wales	IC035161	940234
VT Portfolio Solutions ICVC	England and Wales	IC030801	931577
VT PPM Investment Funds	England and Wales	IC017239	914471
VT Price Value Partners Funds ICVC	England and Wales	IC001033	671132
VT Redlands Fund	England and Wales	IC001043	694999
VT Redlands NURS ICVC*	England and Wales	IC001089	776548
VT RM Funds ICVC	England and Wales	IC001108	800855
VT Rossie House Investment Management Funds ICVC*	England and Wales	IC000991	607962
VT SG Defined Return Assets ICVC	England and Wales	IC001097	784172
VT Sinfonia OEIC	England and Wales	IC000624	478014

VT Smartfund ICVC	England and Wales	IC001012	621247
VT Sorbus Vector Funds ICVC	England and Wales	IC001059	731963
VT Tatton Oak ICVC	England and Wales	IC000737	494501
VT Teviot Funds ICVC	England and Wales	IC001094	780433
VT Thistledown ICVC	England and Wales	IC001011	621244
VT Tyndall Funds ICVC	England and Wales	IC001050	715282
VT Ursus Arctos Funds ICVC	Scotland	IC001004	613236
VT Vanneck Equity Fund	England and Wales	IC001003	613235
VT Vanneck Funds ICVC	England and Wales	IC001112	806954
VT Woodhill Investment Funds ICVC	England and Wales	IC001009	618204

*\* denotes a Non-UCITS Retail Scheme*

*\*\* denotes a Qualified Investor Scheme*

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## Appendix F Historic Performance

This performance information is net of tax and charges with the exception of any preliminary charge that may be paid on the purchase of an investment. All data is percentage performance (total return, bid to bid, UK tax net, i.e. excluding initial charges), and is based on Financial Express data.

### VT EPIC UK Equity Market Fund

	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019	12 months ended 31 Dec 2018	12 months ended 31 Dec 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
VT EPIC UK Equity Market Fund F Sterling net accumulation	-13.5%	21.7%	-10.9%	15.12%	2.16%	5.36%	7.21%	*	*
VT EPIC UK Equity Market Fund R Sterling net accumulation	-14.3%	20.6%	-11.7%	13.93%	1.20%	4.30%	6.13%	25.60%	*
FTSE 350 (total return in Sterling)	-10.3%	19.2%	-9.5%	12.91%	16.85%	0.69%	1.19%	20.53%	11.97%

\* performance data does not exist for this period.

**NOTE: Past performance should not be taken as a guide to the future. Please see Appendix D for the Sub Funds' objectives and an explanation of investor profile.**

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### VT EPIC Asian Centric Global Growth Fund

	12 months ended 31 Dec 2020
VT EPIC Asian Centric Global Growth Fund R Sterling Inc	18.6%

**NOTE: Past performance should not be taken as a guide to the future. Please see Appendix D for the Sub Funds' objectives and an explanation of investor profile.**



## Appendix G

### Directors of the ACD and their business activities as at the date of this Prospectus

Directors of the ACD and their Significant Business Activities Not Connected with the business of the Company	
Anne Laing	None
Martin Henderson	None
Douglas Halley	None
Michael Barron	None
Jeremy Brettell	Non-Executive Director: <ul style="list-style-type: none"> <li>- Integrated Financial Arrangements Ltd</li> <li>- Wesleyan Bank Ltd</li> <li>- Anderson Strathern Asset Management Ltd</li> <li>- Albaco Ltd</li> </ul>

## Appendix H

### List of Sub-Custodians

MARKET	SUB-CUSTODIAN
<b>Argentina</b>	Citibank N.A. Argentina Branch
<b>Australia</b>	HSBC Bank Australia Limited
<b>Austria</b>	Raiffeisen Bank International
<b>Bahrain</b>	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank
<b>Belgium</b>	Citibank Europe
<b>Bermuda</b>	HSBC Securities Services
<b>Bosnia-Herzegovina: The Federation of Bosnia and Herzegovina (Sarajevo)</b>  <b>Bosnia-Herzegovina: The Republika of Srpska (Banja Luka)</b>	Raiffeisen Bank International AG
<b>Botswana</b>	Standard Chartered Bank Botswana Ltd.
<b>Brazil</b>	Citibank N.A. – Filial Brasileira (Brazilian Branch)
<b>Bulgaria</b>	UniCredit Bulbank AD
<b>Canada</b>	RBC
<b>Chile</b>	Banco de Chile (Citibank N.A.)
<b>China</b>	China- A Shares - Citibank (china) Co. Ltd China - Shanghai- Standard Chartered Bank (China) Limited China – Shenzhen - Standard Chartered Bank (China) Limited
<b>Colombia</b>	Cititrust Colombia S.A.
<b>Croatia</b>	UniCredit Bank Austria AG
<b>Cyprus</b>	Citibank Europe plc, Greece Branch
<b>Czech Republic</b>	Raiffeisen Bank International AG

<b>Denmark</b>	Danske Bank A/S
<b>Egypt</b>	Citibank N.A.
<b>Estonia</b>	Swedbank
<b>Euroclear</b>	Euroclear
<b>Finland</b>	Nordea Bank AB (publ)
<b>France</b>	Deutsche Bank AG
<b>Germany</b>	Citibank Europe PLC Dublin
<b>Ghana</b>	Standard Chartered Bank Ghana Ltd.
<b>Greece</b>	Citibank Europe PLC, Greece Branch
<b>Hong Kong</b>	Standard Chartered Bank (Hong Kong) Limited Citibank N.A., Hong Kong Branch (Shanghai HK Connect)
<b>Hungary</b>	Raiffeisen Bank International AG
<b>India</b>	The Hong Kong and Shanghai Banking Corporation Ltd
<b>Indonesia</b>	Standard Chartered Bank
<b>Ireland</b>	RBC Investor Services Trust
<b>Israel</b>	Citibank N.A. Tel Aviv Branch
<b>Italy</b>	BNP Paribas Securities Services
<b>Japan</b>	Citibank N.A., Tokyo Branch
<b>Jordan</b>	Standard Chartered Bank, Jordan Branch
<b>Kazakhstan</b>	JSC Citibank Kazakhstan
<b>Kenya</b>	Standard Chartered Bank Kenya
<b>Kuwait</b>	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS
<b>Lithuania</b>	Swedbank AB
<b>Luxembourg</b>	Euroclear Bank

<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad
<b>Mauritius</b>	The Hong Kong and Shanghai Banking Corporation Limited
<b>Mexico</b>	Citibanamex
<b>Morocco</b>	Societe General Marocaine de Banques (SGMB)
<b>Namibia</b>	Standard Bank of South Africa
<b>Netherlands</b>	Citibank Europe
<b>New Zealand</b>	Citibank N.A. New Zealand Branch
<b>Nigeria</b>	Standard Chartered Bank, DIFC Branch
<b>Norway</b>	DNB Bank ASA
<b>Oman</b>	HSBC Bank Oman S.A.O.G.
<b>Pakistan</b>	Deutsche Bank A.G.
<b>Peru</b>	Citibank del Peru S.A.
<b>Philippines</b>	Standard Chartered Bank
<b>Poland</b>	Bank Polska Kasa Opieki S.A
<b>Portugal</b>	BNP Paribas Securities Services
<b>Qatar</b>	HSBC Bank Middle East Limited
<b>Romania</b>	BRD- Group Societe Generale
<b>Russia</b>	Societe Generale, Rosbank
<b>Saudi Arabia</b>	HSBC Saudi Arabia
<b>Serbia</b>	UniCredit Bank Austria AG
<b>Singapore</b>	Standard Chartered Bank (Singapore) Limited
<b>Slovak Republic</b>	Raiffeisen Bank International AG
<b>Slovenia</b>	Raiffeisen Bank International AG
<b>South Africa</b>	Standard Chartered Bank Johannesburg
<b>South Korea</b>	The Hong Kong and Shanghai Banking Corporation Limited

<b>Spain</b>	Banco Inversis S.A
<b>Sri Lanka</b>	The Hong Kong and Shanghai Banking Corporation Limited
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)
<b>Switzerland</b>	Credit Suisse AG
<b>Taiwan*</b>	HSBC Bank (Taiwan) Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Pcl
<b>Tunisia</b>	Societe Generale Securities Service UIB Tunisia
<b>Turkey</b>	Citibank A.S.
<b>Ukraine</b>	PJSC Citibank
<b>United Arab Emirates-ADX</b>	HSBC Bank Middle East Limited
<b>United Arab Emirates-DFM</b>	HSBC Bank Middle East Limited
<b>United Arab Emirates-NASDAQ</b>	HSBC Bank Middle East Limited
<b>United Kingdom</b>	RBC Investor Services Trust/Deutsche Bank A.G
<b>United States</b>	The Bank of New York Mellon
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia PLC

## Appendix I

### Target Market for MiFID II

**Type of clients:** retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

**Clients' knowledge and experience:** investors with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

**Clients' financial situation with a focus on ability to bear losses:** Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** due to the volatility of markets and specific risks of investing in shares in a fund (including those set out in the risk warnings in this Prospectus), investors should have a higher risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

**Clients' objectives and needs:** investors should be seeking to invest for the medium to long term (at least 5 years) who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Company.

**Clients' who should not invest:** shares in the Company is deemed incompatible for investors which:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital)
- are fully risk averse/have no risk tolerance
- need a fully guaranteed income of fully predictable return profile

**Distribution channel:** This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services)