

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

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

PROSPECTUS

OF

VT GARRAWAY INVESTMENT FUND SERIES III

(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000584)

This document constitutes the Prospectus for VT Garraway Investment Fund Series III which has been prepared in accordance with the requirements of the Financial Conduct Authority.

This Prospectus is dated, and is valid as at 10 March 2021.

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

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## **IMPORTANT INFORMATION**

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

The distribution of this Prospectus and 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.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Valu-Trac Investment Management Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Valu-Trac Investment Management Limited.

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

This Prospectus is based on information, law and practice at the date hereof. The Company and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Valu-Trac Investment Management Limited that this is the most recently published prospectus.

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

**Important: If you are in any doubt about the contents of this Prospectus you should consult your Financial Adviser.**

## DIRECTORY

### **The Company and Head Office**

VT Garraway Investment Fund Series III  
Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW

### **Authorised Corporate Director**

Valu-Trac Investment Management Limited  
Mains of Orton, Orton, Moray, IV32 7QE

### **Depository**

NatWest Trustee and Depository Services Limited  
House A, Floor 0, 175 Glasgow Road, Gogarburn, Edinburgh, EH12 1HQ

### **Investment Managers**

Garraway Capital Management LLP  
200 Aldersgate Street, London, EC1A 4HD

### **Registrar and Administrator**

Valu-Trac Investment Management Limited  
Mains of Orton, Orton, Moray, IV32 7QE

### **Auditors**

Johnston Carmichael LLP  
Commerce House, South Street, Elgin, IV30 1JE



|  |  |
|--|--|
|  | of the Sub-fund's portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such.   |
| <b>"Class" or "Classes"</b>                      | in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-fund.   |
| <b>"COLL"</b>                                    | refers to the appropriate chapter or rule in the FCA's COLL Sourcebook.  |
| <b>"Company"</b>                                 | VT Garraway Investment Fund Series III.  |
| <b>"Conversion"</b>                              | the exchange where permissible of shares held from one Class in the Sub-fund for shares of another class in the same Sub-fund  |
| <b>"Dealing Day"</b>                             | Monday to Friday where these days are Business Days.   |
| <b>"Depository"</b>                              | NatWest Trustee and Depository Services Limited, or such other entity as is appointed to act as Depository.  |
| <b>"Director" or "Directors"</b>                 | the directors of the Company from time to time (including the ACD).  |
| <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" or "EPM"</b> | the use of derivative techniques and instruments (relating to transferable securities and approved money-market instrument) used for one or more of the following purposes: reduction of risk, reduction of costs or generation of additional capital or income consistent with the risk profile of a Fund, as more fully described in APPENDIX III. |
| <b>"Eligible Institution"</b>                    | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook.  |
| <b>"the FCA"</b>                                 | the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.   |
| <b>"the FCA Handbook"</b>                        | the FCA Handbook of Rules and Guidance, as amended from time to time.  |
| <b>"the FCA Register"</b>                        | the public record, as required by section 347 of the Financial Services and Markets Act 2000 (the public record) of every: <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) recognised scheme;</li> </ul>   |

- (e) recognised investment exchange;
- (f) recognised clearing house;
- (g) individual to whom a prohibition order relates;
- (h) approved person; and
- (i) person within such other class (if any) as the FCA may determine; except as provided by any transitional provisions.

**“the FCA Rules”**

The rules contained in the Collective Investment Schemes sourcebook published by the FCA as part of the FCA Handbook made under the Act.

**“Home State”**

- (1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive.
- (2) (in relation to an investment firm):
  - (a) where the investment firm is a natural person, the EEA State in which his head office is situated;
  - (b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated.
- (3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated.
- (4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated.
- (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights).

**“ICVC”**

Investment Company with Variable Capital.

**“Instrument of Incorporation”**

the instrument of incorporation of the Company as amended from time to time.

**“The International Tax Compliance Regulations”**

The International Tax Compliance Regulations – means SI 878/2015 implementing obligations arising under the following agreements and arrangements: European Union Council Directive 2011/16/EU (sometimes known as “the DAC”); the Multilateral Competent Authority Agreement on the Automatic

exchange of Financial Account Information signed by the government of the UK on 29th October 2014 in relation to agreements with various jurisdictions to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the Organisation for Economic Co-Operation and Development (sometimes known as “the CRS”); and the agreement reached between the government of the UK and the government of the USA to improve tax compliance (sometimes known as “the FATCA Agreement”)

|                                     |  |
|-------------------------------------|--|
| <b>“Investment Manager”</b>         | Garraway Capital Management LLP, the investment manager to the ACD in respect of the Company.  |
| <b>“Net Asset Value” or “NAV”</b>   | the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation.               |
| <b>“OEIC Regulations”</b>           | the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.   |
| <b>“Register”</b>                   | the register of Shareholders of the Company.   |
| <b>“Registrar”</b>                  | Valu-Trac Investment Management Limited or such other entity as is appointed to act as Registrar to the Company from time to time.   |
| <b>“Regulated Activities Order”</b> | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).   |
| <b>“Regulations”</b>                | the OEIC Regulations and the FCA Handbook (including the Sourcebook).  |
| <b>“Scheme Property”</b>            | the scheme property of the Company or a Sub-fund (as appropriate) required under the Sourcebook to be given for safekeeping to the Depositary.   |
| <b>“SDRT”</b>                       | Stamp Duty Reserve Tax.  |
| <b>“Share” or “Shares”</b>          | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).  |
| <b>“Shareholder”</b>                | a holder of registered Shares in the Company.  |
| <b>“Sourcebook”</b>                 | that part of the FCA Handbook which relates to authorised collective investment schemes.   |
| <b>“Sub-fund” or “Sub-funds”</b>    | a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective |

|                          |   |
|--------------------------|---|
|                          | applicable to such sub-fund.  |
| <b>“Switch”</b>          | the exchange where permissible of Shares of one Class or Sub-fund for Shares of another Class or Sub-fund.  |
| <b>“UCITS Scheme”</b>    | a scheme constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK).  |
| <b>“UCITS Directive”</b> | Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (as amended from time to time).  |
| <b>“Valuation Point”</b> | the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point for the Sub-funds is 12:00 midday London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary. |
| <b>“VAT”</b>             | Value Added Tax.  |

## 2 DETAILS OF THE COMPANY

### 2.1 General Information

#### 2.1.1 General

VT Garraway Investment Fund Series III (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000584 and authorised by the Financial Conduct Authority with effect from 8 October 2007 (PRN: 472521). The Company has an unlimited duration.

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

The ACD is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in APPENDIX IV.

#### 2.1.2 Head Office

The head office of the Company is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

#### 2.1.3 Address for Service

The address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it is Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray, IV32 7QE.

#### 2.1.4 Base Currency

The base currency of the Company and each Sub-fund is Pounds Sterling.

#### 2.1.5 Share Capital

Maximum £100,000,000,000

Minimum £1,000,000

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

Shares in the Company may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio

management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund. For these purposes, the ACD may consider an investor's trading history in the Sub-funds or other Valu-Trac Investment Management Limited funds and accounts under common ownership or control.

## 2.2 The Structure of the Company

### 2.2.1 The Sub-funds

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund or Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Class.

The Company is a UCITS scheme.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the Sourcebook and the investment objective and policy of the relevant Sub-fund. Details of the Sub-funds, including their investment objectives and policies, are set out in APPENDIX I.

The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in APPENDIX II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in APPENDIX III.

The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-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 Sub-fund and shall not be available for any such purpose.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please also see paragraph 5.5 below "Liabilities of the Company and the Sub-funds".

## 2.2.2 Shares

### **Classes of Share within the Sub-funds**

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

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

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Sub-fund or Class, a revised prospectus

will be prepared, setting out the details of each Sub-fund or Class.

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

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

The Company may issue income and accumulation Shares in respect of each Sub-fund. Further details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in APPENDIX I.

A Regular Savings Plan is available on certain classes of share on certain Sub-funds. Details of the share classes and Sub-funds are set out in APPENDIX I.

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

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of)

the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently only net income and net accumulation shares are in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.5 "Switching".

### **3 BUYING, REDEEMING, SWITCHING AND CONVERSION OF SHARES**

The dealing office of the ACD is normally open from 8.30 a.m. to 5.30 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 8.30 a.m. and 5.30 p.m. (London time) directly to the office of the ACD (telephone: 01343 880344 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

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

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

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future. In its dealings in Shares of the Sub-funds the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

#### **3.1 Money Laundering**

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

#### **3.2 Buying Shares**

##### **3.2.1 Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. In addition, the ACD may from time to time make arrangements

to allow Shares to be bought through other communication media. For details of dealing charges see paragraph 3.7 below. Application forms may be obtained from the ACD.

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

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.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

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

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant (except for those investors who subscribe through the Regular Savings Plan) decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. Investors who invest through the Regular Savings Plan will be entitled to cancel their first subscription only; if a Regular Saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

### 3.2.2 Documents the buyer will receive

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

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

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

### 3.2.3 Regular Savings Plan

The ACD may make available certain Classes of Shares of any Sub-fund through the Regular Savings Plan (details of current Classes of Shares and Sub-funds which are available are shown in APPENDIX I). Further information on how to invest through the Regular Savings Plan is available from the ACD.

### 3.2.4 Minimum Subscriptions and Holdings

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share in a Sub-fund are set out APPENDIX I.

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

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

## 3.3 Redeeming Shares

### 3.3.1 Procedure

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

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

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

The ACD may defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10% of a Fund's value. The ACD will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level (i.e. 10% of a Fund's value) and will defer the remainder until the next Dealing Day. The ACD will also ensure that all deals relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

For details of dealing charges see paragraph 3.7 below.

### 3.3.2 Documents a redeeming Shareholder will receive

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

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

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

Currently the ACD will not accept instructions to transfer or renounce title to Shares on the basis of an authority communicated by electronic means.

### 3.3.3 Minimum Redemption

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

### 3.4 Money held for Investors from time to time

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..

The ACD has the right to transfer client money to a third party provider as part of transferring all or part of its business.

The Designated Investments, as defined by the FCA, or client money may be held by a third party on behalf of the ACD; however the ACD cannot delegate the fiduciary duty that it owes to the investors.

Any unclaimed client money held for at least six years without movement may be paid away to a registered charity or to court in accordance with the FCA Rules. The ACD will take appropriate steps to contact the Investor and return the money, where possible.

### 3.5 Switching

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time Switch all or some of his Shares of one Class or Sub-fund (“the Original Shares”) for Shares of another Class or Sub-fund (“the New Shares”) in the Company. The number of New Shares issued 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 redeemed and the New Shares are issued.

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.

The ACD may at its discretion make a charge on the switching of Shares between Sub-funds or Classes. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.7.3 “Charges on Switching and Conversion”.

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-fund or Sub-funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Sub-fund or Sub-funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the Sourcebook.

**Please note that under UK tax law a Switch of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder’s circumstances.**

**A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.**

### 3.6 Conversion

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time Convert all or some of his Shares held from one Class in the Sub-fund (the “Original Shares”) for Shares of another class in the same Sub-fund (the “New Shares”). When Shares are converted, the number of New Shares will be determined by applying a conversion factor to the value of the Original Shares held to determine the number of New Shares to be issued; or

Telephone conversion 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 conversion is carried out.

The ACD may at its discretion make a charge on the conversion of Shares between Sub-funds or Classes. Any such charge on conversion does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on conversion currently payable, please see paragraph 3.7.3 “Charges on Switching and Conversion”.

If a partial Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Original Shares to New Shares (and make a charge on conversion) or refuse to effect any Conversion of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-fund or Sub-funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Conversion requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Sub-fund or Sub-funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on conversion together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Conversions will not generally be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the conversion.

### 3.7 Dealing Charges

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

### 3.7.1 Initial Charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund is set out in APPENDIX I. The ACD may waive or discount the initial charge at its discretion.

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

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

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

### 3.7.2 Redemption Charge

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

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

### 3.7.3 Charges on Switching and Conversion

On the conversion and switching of Shares between Sub-funds or Classes in the Company, the Instrument of Incorporation authorises the Company to impose a charge. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on conversion and switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on conversion between share classes or switching between Sub-funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in paragraph 3.7.1. There is currently no charge for converting Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund or for switching between Sub-funds of the Company.

Shareholders should note that switches between Sub-funds may also incur a dilution levy subject to paragraph 3.7.4.

### 3.7.4 Dilution Levy

A Fund may suffer dilution (reduction) in the value of its property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of these investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time. The ACD will review its dilution levy policy at regular intervals and may change them at any time in accordance with the FCA Rules.

In cases where a dilution levy is made the value of the capital of the property of a Fund will not be adversely affected by dilution. If charged, the dilution levy will be shown in addition to (but not part of) the price of Shares on their issue by the Company or sale by the ACD and as a deduction to the price of their Shares on their cancellation by the Company or redemption by the ACD. The ACD has no entitlement to the dilution levy, which will either be paid into the relevant Fund, in the case of an issue of shares by the Company or sale by the ACD or retained in a Fund in the case of a cancellation of Shares by the Company or a redemption by the ACD.

The need to charge a dilution levy will depend on the volume of net purchases or redemptions, as described below. The ACD may charge a discretionary dilution levy on any purchase or redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or continuing Shareholders (for redemptions) might otherwise materially be adversely affected. A dilution levy must be imposed only in a manner, that so far as practicable, is fair to all Shareholders or potential Shareholders.

In particular, the dilution levy may be charged in the following circumstances:

- a) on a Fund experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- b) on a Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
- c) on "large deals". For these purposes, a large deal is defined as a purchase or a redemption in excess of £1 million (or the equivalent amount in US Dollars) or 5% of the value of the Scheme Property;
- d) in any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders and potential Shareholders require the imposition of a dilution levy.

In order to reduce inconsistency in the application of any dilution levy, the ACD may take account of the trend of the Fund in question to expand or to contract; and the transactions in Shares at a particular Valuation Point.

Based on the expected level of transactions in the Company the estimated rate of any dilution levy is expected to be 0.75%. On this basis the ACD does not expect to

require a dilution levy more frequently than once a month. This may alter due to Fund mergers or acquisitions.

### 3.7.5 Stamp Duty Reserve Tax (“SDRT”)

The SDRT charge on UK open-ended investment companies (OEICs) has been abolished. A principal SDRT charge of 0.5% has been retained to be made on the value of non-pro rata in specie redemptions. This is a principal SDRT charge payable by the investor by reference to the value of chargeable securities redeemed in this type of transaction.

### 3.8 Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

### 3.9 Restrictions and Compulsory Transfer and Redemption

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

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

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

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

entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

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

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

**Subject to any restrictions on the eligibility of investors for a particular Share 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 Share Class for shares of another Share Class if this is in the best interests of Shareholders. Shareholders will be advised in advance of any such mandatory Conversion.**

#### 3.10 Issue of Shares in exchange for in Specie Assets

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

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

The ACD will not issue Shares in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

#### 3.11 In Specie Redemptions

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to a Sub-fund, arrange for scheme property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer, so that the Shareholder can require the net proceeds from the sale of the relevant scheme property (rather than the scheme property itself) if the Shareholder so desires.

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

### 3.12 Suspension of dealings in the Company

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

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

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

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

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

During the suspension certain of the obligations in the Sourcebook are not applied but the ACD will comply with as much of the Sourcebook during the period of suspension as is practicable in light of the suspension.

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

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

### 3.13 Governing Law

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

### 3.14 Business Changes

The ACD has the right to close any sub- Fund in accordance with the FCA's Handbook. In this context, the ACD will comply with the FCA's Handbook on client money discharge of fiduciary duty and allocated but unclaimed client money. These rules apply to both repayment and transfer to a third party.

## 4 VALUATION OF THE COMPANY

### 4.1 General

The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of the Sub-funds is currently calculated at 12:00 midday (London time) (this being the Valuation Point) on each Dealing Day.

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

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

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

### 4.2 Calculation of the Net Asset Value

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

- a) All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- b) Scheme Property which is not cash (or other assets dealt with in paragraph iv) below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - i) Units or shares in a collective investment scheme:
    - if a single price for buying and redeeming units or shares is quoted, at that price; or
    - if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

- 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;
- ii) Any other transferable security:
- if a single price for buying and redeeming the security is quoted, at that price; or
  - if separate buying and redemption prices are quoted, at the average of the two prices; or
  - if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- iii) Scheme Property other than that described in paragraphs i) and ii) above, at a value which, in the opinion of the ACD, is fair and reasonable;
- iv) Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- c) Scheme Property which is a contingent liability transaction shall be treated as follows:
- i) if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - ii) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - iii) if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- d) In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

- e) Subject to paragraphs f) and g) below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- f) Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph e).
- g) All agreements are to be included under paragraph e) which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- h) Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- i) Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- j) Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- k) Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- l) Add any other credits or amounts due to be paid into the Scheme Property.
- m) Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- n) Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

#### 4.3 Price per Share in each Sub-fund and each Class

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

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

#### 4.4 Pricing Basis

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

#### 4.5 Publication of Prices

The prices of all Shares are currently published on the ACD's website [www.valu-trac.com](http://www.valu-trac.com). Prices of Shares may also be obtained by calling 01343 8880344 during the ACD's normal business hours. 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.

## 5 RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Sub-funds, in those Sub-funds).

### 5.1 General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. The difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed. There will be a variation in performance between funds with similar objectives due to the different assets selected.

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

When investing in unregulated collective investment schemes, the fund is fully exposed to the risks involved in this type of investment without any redress to a regulator. The funds may also have a more limited transferability and volatility of movement than a regulated fund.

### 5.2 Effect of Initial Charge or Redemption Charge

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

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

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

### 5.3 Dilution

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

### 5.4 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended.

### 5.5 Currency Exchange Rates

Currency fluctuations may adversely affect the value of a Sub fund's investments and the income thereon depending on the currency of denomination of the class of Shares held by an investor or an investor's currency of reference, currency fluctuations between the Share

class currency, the investor's currency of reference, the base currency of the relevant Fund and the currencies in which the assets of that Fund are denominated may adversely affect the value of an investment in the Fund.

## 5.6 Liabilities of the Company and the Sub-funds

As explained in paragraph 2.2.1 where, under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-funds, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

## 5.7 Financial Derivative Instruments

The Investment Manager may employ more sophisticated derivatives in the pursuit of the investment objectives of the Sub-fund, as stated in this Prospectus, and in accordance with its risk management policy.

The Investment Manager's use of derivatives will tend to be extensive in order to gain long and short exposure equivalent to physical equity positions and the Sub-Fund will nearly always take short positions to maintain balance and help achieve the investment objective.

In addition to investing in physical equities, the Investment Manager may use derivatives in order to create all individual short and some long equity positions via total return swaps which deliver the same investment returns as buying or selling the physical equity but usually with lower costs. This means that the risk of holding the physical equity positions and that of synthetically creating them via total return swaps should be broadly the same, although there will be additional counterparty risk and exposure as a result of the use of derivatives.

In order to achieve its investment objective, the Investment Manager may use derivatives (swaps) to obtain synthetic exposure to all short and some long equity positions. Derivatives (longs and shorts) are likely to represent a significant proportion of the Sub-Fund's gross exposure (which will itself typically be in a range of 175-275% of NAV but which may potentially be as high as 300%). This gross exposure means that investors will receive risk/return outcomes which are proportionately greater than if it was restricted to 100% of NAV. However, holdings in these derivatives will have the same underlying risk/return profile as if the exposure was in the equivalent physical equity.

The use of Financial Derivative Instruments for a Fund may expose a Fund to a number of specific risks, depending on the nature of the individual transaction, such as the following:

### *Correlation*

Derivatives prices may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded derivatives may also be subject to changes in price due to supply and demand factors.

### *Loss of Favourable Performance*

The use of derivatives to hedge or protect against market risk or to generate additional revenue by writing covered call options may reduce the opportunity to benefit from favourable market movements.

### *Counterparty exposure and legal risk*

The use of OTC derivatives, such as forward contracts, swap agreements and contracts for differences, will expose the Fund to credit risk with respect to the counterparty involved and the risk that the legal documentation of the contract may not accurately reflect the

intention of the parties. Measures taken to minimise counterparty and legal risk are detailed below.

#### *Liquidity*

Futures positions may be illiquid or difficult to close out because of limits imposed by the relevant exchange on daily price movements. OTC positions are, by definition, illiquid, but the Investment Manager will only enter into OTC transactions with counterparties which are contractually obliged to close out a position on request.

#### *Margin*

The Company will be obliged to pay margin deposits and option premiums to brokers in relation to futures and option contracts entered into for each Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The Investment Manager will seek to minimise this risk by trading only through high quality names.

#### *Market risk*

When the Investment Manager purchases a security or an option, the risk of the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps, contracts for differences or writing options, the Fund's liability may be potentially unlimited until the position is closed.

#### *Currency Hedging*

Currency hedging, which may be undertaken using derivatives, may protect a Fund from adverse currency movements, but may also release or eliminate the benefit of favourable currency movements. There can also be no guarantee that a decision to hedge any currency exposure will be effective or that the Investment Manager will exercise its discretion to hedge any particular currency exposure. In addition, it may be difficult to effectively hedge exposures in certain currencies either at a reasonable cost or on a practical basis.

#### *Conflicts of Interest*

Conflicts of interest may arise as a result of a Fund's trading with counterparties. Such parties may obtain information regarding a Fund's activities and strategies that could be used by such third parties to the detriment of a Fund.

### 5.8 Counterparty Risk in Over-the-Counter (OTC) Markets

The Company on behalf of a Sub-fund may enter into transactions in over-the-counter markets, which will expose the Sub-funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Sub-funds may enter into agreements or use other derivative techniques, each of which expose the Sub-funds 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 Sub-funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its 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 cover any losses incurred.

### 5.9 Warrants

Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows within a subscribed period the right to apply for shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately

large movement, favourable or unfavourable in the price of the warrant. Therefore the larger the fund holding in warrants the larger the risk of volatility.

#### 5.10 Short Selling and Contracts for Differences

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that securities necessary to cover a short position will be available for purchase.

Contracts for differences ("CFD") (a form of option or future contract) carry these same risks. They are, however, only settled in cash as opposed to the underlying asset. CFD's can be options and futures on an index, the value of underlying assets, as well as currency and interest rate swaps. Transactions in CFD's may also have a contingent liability.

Contingent liability transactions which are margined may require ongoing payments against the purchase price, rather than the whole purchase price being paid at the commencement of an investment. Trading in futures, options or CFD's may sustain a total loss of the margin which is deposited with a broker. Under certain market conditions the Company may be required to pay additional margin at short notice. Any delay in completing this could result in the position being liquidated at a loss and the Company being liable for any resulting loss. Contingent liability transactions which are not traded on a recognised exchange may expose the Company to substantially greater risks.

#### 5.11 Smaller Companies

Sub-funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but may also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

#### 5.12 Liquidity

Depending on the types of assets the Sub-fund invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price. Accordingly, the Company's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

#### 5.13 Custody

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

#### 5.14 Counterparty and Settlement

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. In the event of a bankruptcy or other default, the relevant Fund could experience both delays in liquidating the underlying securities and losses including a possible decline in value of the underlying securities during the period when the relevant Fund seeks to enforce its rights thereto. This will have the effect of reducing levels of capital and income in the Fund and lack of access to income during this period together with the expense of enforcing the Fund's rights.

#### 5.15 Inflation and Interest Rates

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

#### 5.16 Tax

Tax laws currently in place may change in the future which could affect the value of your investments.

#### 5.17 Insolvency

If a third party becomes insolvent the ACD will not be liable. Investors may claim through the Financial Services Compensation Scheme.

#### 5.18 SFTR

The ACD is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the "SFTR"). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions (as defined in the SFTR) and total return swaps ("TRSs"), as set out below.

In order to achieve its investment objective, the Investment Manager may currently use TRSs to obtain synthetic exposure to single stock equities and equity indices. The limitations on the Sub-fund's use of TRSs are explained in Appendix III.

Subject to the limitations referred to above, any assets of the Sub-fund may be subject to TRSs. Up to 300% of the Sub-fund's assets may be the subject of TRSs, with an expectation that at any time up to 300% of the Sub-fund's assets may be subject to such arrangements.

TRSs will only be entered into with "approved counterparties" as defined in the FCA Handbook. Other than this restriction, there are no pre-specified restrictions on the legal status, country of origin or minimum credit rating of any counterparty in such transactions.

The types of acceptable collateral, as well as the diversification requirements, are explained in Appendix III. Any collateral obtained by the Sub-fund pursuant to a TRS will be valued in accordance with the ACD's Fair Value (Valuation and Pricing) Policy.

The section entitled "Risk Factors" provides a description of the risks associated with the use of derivatives, including TRSs and counterparty risk.

The assets of the Sub-fund that are subject to TRSs and any collateral received are held by the Depositary.

The reuse of collateral is limited by the FCA Rules to certain asset classes. Such reuse should not result in a change to the Sub-fund investment objective nor increase substantially the Sub-fund's risk profile. The Fund does not reuse collateral.

All of the revenues arising from TRSs, net of direct and indirect operational costs, will be retained by the Sub-fund.

The ACD will disclose in the Company's annual report certain information regarding its use of TRSs.

#### 5.19 Investment in Equity and Equity-Related Securities

A Fund may invest in equity and equity-related securities traded on recognised stock exchanges and over-the-counter markets. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or

market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or a Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

#### 5.20 Economic and Political Factors in Emerging Markets

Investments in securities of issuers located in emerging market countries involve special considerations and risks, including the risks associated with high rates of inflation, the limited liquidity and relatively small market capitalisation of the securities markets in emerging market countries, relatively higher price volatility and large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain emerging market countries there is the possibility of political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market country economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investments resources and self-sufficiency and the balance of payments position.

The economies of some emerging market countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging market countries. The development of certain emerging market economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S. and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in emerging market countries.

#### 5.21 Market Liquidity and Volatility

The securities markets in emerging market countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in emerging market countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The listed equity securities of many companies in many emerging markets are accordingly materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of OECD countries. Government supervision and regulation of many emerging markets and of quoted companies is also less developed than in many OECD countries. In addition, there may be a high measure of legal uncertainty concerning the rights and duties of market participants as compared to investments made through securities systems of established markets. The combination of price volatility and the less liquid nature of securities markets in emerging market countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

## 5.22 Information Standards

In addition to their smaller size, lesser liquidity and greater volatility, securities markets in emerging markets are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards are less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Issuers in emerging market countries may not be subject to the same accounting, auditing and financial reporting standards.

## 5.23 Cyber Security Risk

The Company and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Company, ACD, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Fund's ability to calculate its NAV; impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with the Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Fund invests, counterparties with which the Company on behalf of a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## 5.24 Epidemic

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.

## 5.25 Risks Associated with Collateral Management

Where a Fund enters into an OTC derivative contract or a securities financing transaction, it may be required to pass collateral to the relevant counterparty or broker. Collateral that a Fund posts to a counterparty or a broker that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such assets. Therefore in the event of the insolvency of a counterparty or a broker, the Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take

some time to be returned if the collateral becomes available to the creditors of the relevant counterparty or broker. In addition, the Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover the costs incurred as a result of the counterparty default. The Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Fund is re-invested, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is posted to a counterparty or broker by way of a title transfer collateral arrangement or where the Company on behalf of a Fund grants a right of re-use under a security collateral arrangement which is subsequently exercised by the counterparty, the Company on behalf of a Fund will only have an unsecured contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the Fund shall rank as an unsecured creditor and may not receive equivalent assets or recover the full value of the assets. Investors should assume that the insolvency of any counterparty would result in a loss to the relevant Fund, which could be material. In addition, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Company or its delegates will not have any visibility or control.

Because the passing of collateral is effected through the use of standard contracts, a Fund may be exposed to legal risks such as the contract may not accurately reflect the intentions of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

#### 5.26 Volatility

Volatility risk is the risk of a change of price of a portfolio as a result of changes in the volatility of its underlying securities is a major influencer of prices.

#### 5.27 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

#### 5.28 Risk Factors Not Exhaustive

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors and Shareholders should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

## 6 MANAGEMENT AND ADMINISTRATION

### 6.1 Regulatory Status

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.

### 6.2 Authorised Corporate Director

#### 6.2.1 General

The ACD is Valu-Trac Investment Management Limited which is a private company limited by shares incorporated in England and Wales on 3 October 1989 with company number 02428648. The ultimate holding company of the ACD is Valu-Trac Limited, a company incorporated in Bermuda.

The directors of the ACD are:

- Anne Laing
- Martin Henderson
- Douglas Halley
- Michael Barron

No director is engaged in any significant business activity not connected with the business of the ACD.

**Registered Office:** Level 13 Broadgate Tower, 20 Primrose Street,  
London, EC2A 2EW

**Principal Place of Business:** Mains of Orton, Orton, Moray, IV32 7QE

**Share Capital:** £1,673,295 ordinary shares of £1 each issued and paid up

The ACD is responsible for managing and administering the Company's affairs in compliance with the Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including associates subject to the rules in the Sourcebook.

#### 6.2.2 Terms of Appointment

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

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

The ACD Agreement may be terminated by either party on not less than six months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.7 “Charges payable to the ACD” below.

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in APPENDIX IV.

## 6.3 The Depositary

### 6.3.1 General

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.

### 6.3.2 Duties of the Depositary

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

### 6.3.3 Conflicts of Interest

The Depositary may act as the depositary of other 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.

#### 6.3.4 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 III. 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).

#### 6.3.5 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 shareholders on request.

#### 6.3.6 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, wilful 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, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on six 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 set out in paragraph 7.2 below.

#### 6.4 The Investment Manager

The ACD has is appointed Garraway Capital Management LLP as investment manager.

The registered office of the Investment Manager (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 228990.

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 principal activity of the investment managers is the provision of investment, management and advisory services.

#### 6.5 The Administrator

The ACD will also provide administration services to the Company.

## 6.6 The Registrar

The ACD will also act as Registrar with responsibility for maintaining the Register. The Register will be kept at the offices of the ACD at Mains of Orton, Orton, Moray, IV32 7QE where it can be inspected by Shareholders during normal business hours. The plan register, where applicable, (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs) can be inspected at the office of the Registrar).

## 6.7 The Auditors

The auditors of the Company are Johnston Carmichael LLP, whose address is Commerce House, South Street, Elgin, IV30 1JE.

## 7 FEES AND EXPENSES

### 7.1 Research Payment Account

The Investment Manager will not operate a Research Payment Account and will pay for research costs out of its own fee.

### 7.2 Expenses

Ordinary operating expenses incurred by the Company may be paid out of the Scheme Property. These expenses include (but are not limited to) the following:

- a) Registration fees to the Registrar;
- b) Administration fees to the Administrator;
- c) The fees of the FCA under the Regulations, or any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;
- d) Any costs incurred in modifying the Instrument of Incorporation or the Prospectus;
- e) Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Fund or Class);
- f) The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary;
- g) The fees to the Depositary (including fees for where it acts as custodian).
  - i. The Depositary is entitled to a fee payable monthly from the Scheme Property for its services as depositary. The Depositary receives for its own account a periodic fee which will accrue daily 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 is 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.

- ii. 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:

| Item                | Range                     |
|---------------------|---------------------------|
| 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.

- iii. Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money or engaging in stock lending or derivative transactions in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the OEIC Regulations or the FCA Rules.
- iv. The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument of Incorporation, the OEIC Regulations, the FCA Rules or the general law.
- v. On a winding up, redemption or termination of the Company or a Fund, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, redemption or termination (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.
- vi. Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

- vii. Any of the Depositary's fees, charges and expenses described above 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 by the Depositary pursuant to the FCA Rules.;
- h) Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish;
- i) The costs of printing and distributing reports, accounts, the Prospectus, and any costs incurred as a result of periodic updates of the Prospectus and any other administrative expenses;
- j) It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing.
- k) 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
- l) Collateral management costs incurred in respect of any permitted transactions in derivatives and forwards.

### 7.3 Other Expenses Payable out of the Scheme Property

Other expenses incurred by the Company may be paid out of the Scheme Property (the expenses which are mitigated through the application and receipt of a dilution levy are practically met through the Scheme Property), including (but not limited to):

- a) Broker's commission, fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company. This will include expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.
- b) Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- c) The costs associated with stock lending transactions or other permitted transactions.
- d) Taxation and duties payable in respect of the Scheme Property, including any stamp duty, stamp duty reserve tax (SDRT) or foreign transfer taxes on the purchase of investments, the Instrument of Incorporation, the Prospectus or the creation, issue, redemption or cancellation of Shares.
- e) Liabilities under a scheme of arrangement 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.

These payments will be inclusive of Value Added Tax where applicable.

#### 7.4 Allocation of expenses

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

#### 7.5 Charges payable to the ACD

##### 7.6.1 Annual Management Charge

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

VAT is payable on the charges or expenses mentioned above, where appropriate.

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

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

#### 7.6 Remuneration

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 Sub-funds and in line with the risk profile, risk appetite and the strategy of the Sub-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 :

- are consistent with and promote sound and effective risk management;
- do not encourage risk taking and are consistent with the risk profiles of the funds which the ACD manages; and
- 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.

## **8** INSTRUMENT OF INCORPORATION

The Instrument of Incorporation is available for inspection at the ACD's offices at Mains of Orton, Orton, Moray, IV32 7QE.

## 9 SHAREHOLDER MEETINGS AND VOTING RIGHTS

### 9.1 Class, Company and Sub-fund Meetings

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

The Company has dispensed with the holding of Annual General Meetings (“AGMs”).

### 9.2 Requisitions of Meetings

The ACD may requisition a general meeting at any time.

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

### 9.3 Notice and Quorum

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

### 9.4 Voting Rights

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

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

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

In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other

joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

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

Where all the Shares in a Sub-fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the 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.

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

#### 9.5 Variation of Class or Sub-fund Rights

The rights attached to a Class or Sub-fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Sub-fund.

## 10 TAXATION

### 10.1 General

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 Sub-funds 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 personal 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.

### 10.2 The Company/Sub-funds

Each Sub-fund will be treated as a separate entity for United Kingdom tax purposes.

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

Any dividend received by the Sub-funds will not normally be charged to corporation tax provided it falls within one of the exempt classes set out in the relevant legislation. Each Sub-fund will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the gross amount of interest distributions. Where the Sub-funds suffer foreign tax on income received, this will normally be an irrecoverable tax expense.

The Sub-funds will make dividend distributions except where more than 60% of a Sub-fund's property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

### 10.3 Shareholders

#### 10.3.1 Income

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.

#### 10.3.2 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 Sub-funds but not Switches between Classes in respect of the same Sub-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.

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 Sub-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.

#### 10.3.3 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.

#### 10.3.4 Reporting of tax information

The Company 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 Company 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 Sub-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 Sub-fund to satisfy these obligations. Failure to provide requested information under FATCA 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 Sub-fund.

To the extent a Sub-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 Sub-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 Company 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 Sub-fund and/or the ACD and its delegates/agents for any loss caused by such investor arising to the Company, a Sub-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.

**11 The foregoing statements are based on UK law and HMRC practice as known at the date of this Prospectus, which is subject to change, 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.**

## WINDING UP OF THE COMPANY OR TERMINATION OF A SUB-FUND

The Company or a Sub-fund will not be wound up or terminated except as an unregistered company under Part V of the Insolvency Act 1986 or under the Sourcebook. A Sub-fund may otherwise only be terminated under the Sourcebook.

Where the Company is to be wound up or a Sub-fund is to be terminated under the Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Sub-fund as the case may be) either that the Company or the Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Sub-fund will be unable to do so. The Company may not be wound up or a Sub-fund terminated under the Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Sub-fund must be terminated under the Sourcebook:

- a) if an extraordinary resolution to that effect is passed by Shareholders; or
- b) when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be terminated (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £10,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or
- c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund.

On the occurrence of any of the above:

- a) a number of provisions in the Sourcebook will cease to apply to the Company or the relevant Sub-fund;
- b) the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
- c) no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- d) where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Sub-fund;
- e) the corporate status and powers of the Company and subject to the above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be terminated, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company or the termination of a Sub-fund, the Company will be dissolved or the Sub-fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Sub-fund, will be paid into court by the ACD within one month of the dissolution or the termination.

Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within two months of the completion of the winding up or termination.

## 12 GENERAL INFORMATION

### 12.1 Accounting Periods

The annual accounting period of the Company ends each year on 30 September (the accounting reference date) with an interim accounting period ending on 31 March.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Sub-funds for which this policy is currently considered are set out in APPENDIX I.

### 12.2 Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

### 12.3 Income Allocations

Some Sub-funds may have interim and final income allocations and other Sub-funds may have quarterly income allocations and some Sub-funds may only have final income allocation dates (see APPENDIX I). For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

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

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

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

#### 12.4 Annual Reports

The annual report of the Company will be published within four months from the end of each annual accounting period and the half yearly report will be published within two months of the end of each interim accounting period.

The full accounts are available to any person free of charge on request to the ACD.

#### 12.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Mains of Orton, Orton, Moray, IV32 7QE:

- a) the Prospectus;
- b) the most recent annual and half yearly reports of the Company;
- c) the Instrument of Incorporation (and any amending documents); and
- d) the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent version of the Prospectus and annual and half yearly long reports of the Company which are available free of charge to anyone who requests).

#### 12.6 Material Contracts

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

- a) the ACD Agreement between the Company and the ACD; and
- b) the Depositary Agreement between the Company, the Depositary and the ACD.

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

#### 12.7 Provision of Investment Advice

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Mains of Orton, Orton, Moray, IV32 7QE. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

## 12.8 Telephone Recordings

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

## 12.9 Complaints

Complaints may be brought in writing to Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray, IV32 7QE, or by telephone to 01343 880344.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at: The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR. A copy of the ACD's Guide to making a complaint is available upon request.

A customer may directly complain to the FOS prior to complaining to a firm, if the firm consents. We do not consent to this. Also Firms can consent to waive the time limits for a customer to refer a complaint to the FOS. We also do not consent to this.

The Financial Services Compensation Scheme (FSCS) offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. The ACD is covered by the Financial Services Compensation Scheme. Investors may be entitled to compensation from the scheme if the ACD cannot meet its obligations. Most types of investment business are covered for 100% of the first £85,000 only. Further information is available from:

The Financial Services Compensation Scheme  
10th Floor  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QU

Tel: 0800 678 1100

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

## 12.10 Risk Management

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

- the quantitative limits applying in the risk management of any Sub-fund;
- the methods used in relation to the above; and
- any recent development of the risk and yields of the main categories of investment.

#### 12.11 Indemnity

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

#### 12.12 Additional Permitted Subscriptions (APS)

As ISA manager, Valu-Trac Investment Management Limited must offer APS valuations to, and support the surviving spouse with associated certification so that the surviving spouse may choose to exploit APS with another ISA manager.

The Fund does not accept APSs but allows the transfer out, in cash, of the holding if the deceased and the surviving spouse were "living together" at the date of death.

The current process for a deceased investor is that on notification of a death the units are unwrapped and held until the ACD has probate and instruction to confirm whether the units are to be sold.

#### 12.13 Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the ACD on request or on the ACD's website at [www.valu-trac.com](http://www.valu-trac.com). Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the ACD on request.

#### 12.14 Best execution

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

Details of the order execution policy are available on the ACD's website at [www.valu-trac.com](http://www.valu-trac.com)

#### 12.15 Genuine diversity of ownership

Shares in the Company and information on the Company are and will continue to be marketed and made easily and widely available to reach the intended categories of investors. The intended categories of investors are retail investors and non-retail, professional investors. Different Share Classes of a Sub-fund are issued to different types of investors. Shares in the Company are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

#### 12.16 Third Party Information and Investing

Information provided by third parties and not Valu-Trac Investment Management Limited should not be relied upon when making investment decisions into our Funds as they may be incorrect and misleading.

## APPENDIX I

### SUB-FUND DETAILS

|  |   |
|--|---|
| <b>Name</b>                              | <b>VT Garraway Multi Asset Balanced Fund</b>  |
| <b>PRN</b>                               | 635220  |
| <b>Type of Sub-fund</b>                  | UCITS scheme  |
| <b>Investment Objective and Policy</b>   | <p>The investment objective is to achieve returns from both capital and income over the long term (5 years) by investing across a global portfolio of assets.</p> <p>The Investment Manager uses a global asset allocation framework to invest across a range of asset classes, geographies, sectors and investment styles to provide a portfolio which it considers to be balanced.</p> <p>The portfolio invests in a combination of specialist Funds, ETFs, listed investment vehicles, individual securities and cash, and uses derivatives for hedging and investment purposes to both reduce market risk and enhance returns. As a consequence, the portfolio exhibits modest correlation to traditional asset classes. Positions are generally held with a three to five year time horizon. However, the management of the portfolio is active and the investment strategy is liquid and dynamic in order to adapt to changing market conditions.</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 to that of the IA Mixed Asset 20-65% sector.</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>Final Accounting Date</b>             | 30 September  |
| <b>Interim Accounting Date</b>           | 31 March  |
| <b>Income Distribution Dates</b>         | 30 November (final)<br>31 May (interim)   |
| <b>Shares Classes and type of Shares</b> | A Accumulation A Income<br>I Accumulation I Income<br>R Accumulation R Income   |
| <b>Initial Charge</b>                    | 0% for all share classes but can be raised to 5% if 3 months' notice is given   |

|                                       |   |
|---------------------------------------|---|
| <b>Redemption Charge</b>              | Nil   |
| <b>Switching Charge</b>               | Nil   |
| <b>Ongoing Charge Figure (OCF)</b>    | A Accumulation & A Income 2.44%<br>R Accumulation & R Income 1.69%<br>I Accumulation & I Income 1.53% |
| <b>Annual Management Charge (AMC)</b> | A Accumulation & A Income 1.50%<br>R Accumulation & R Income 0.75%<br>I Accumulation & I Income 0.75% |

| <b>Allocation of Charges</b>                       | <b>Income</b> | <b>Capital</b> |
|--|---------------|----------------|
| AMC  | 100%          |                |
| Expenses   | 100%          |                |
| Portfolio Transactions (SDRT, broker's commission) |               | 100%           |
| Charges taken from Income                          | Yes           |                |

| <b>Investment Minima*</b>   | <b>A Accumulation Shares</b>                      | <b>A Income Shares</b>                            | <b>R Accumulation Shares</b>                      | <b>R Income Shares</b>                            |
|-----------------------------|---|---|---|---|
| <b>Lump Sum</b>             | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Holding</b>              | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Top-up</b>               | £1,000  | £1,000  | £1,000  | £1,000  |
| <b>Regular Savings Plan</b> | £100 per month                                    | £100 per month                                    | £100 per month                                    | £100 per month                                    |
| <b>Redemption</b>           | N/A (providing the minimum holding is maintained) |

| <b>Investment Minima*</b> | <b>I Accumulation Shares</b> | <b>I Income Shares</b> |
|---------------------------|------------------------------|------------------------|
| <b>Lump Sum</b>           | £1 million                   | £1 million             |
| <b>Holding</b>            | £1 million                   | £1 million             |
| <b>Top-up</b>             | £10,000                      | £10,000                |

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

Ongoing Charge Figure (OCF): The ongoing charge figure will include the cost of investment management and administration, plus other costs of running the fund, based on all chargeable expenses at expected future rates. The OCF is based on the historic AUM over the past 12 months.

|  |  |
|--|--|
| <b>Name</b>                              | <b>VT Garraway Multi Asset Diversified Fund</b><br><b>(NO LONGER AVAILABLE FOR INVESTMENT)</b>   |
| <b>PRN</b>                               | <b>635221</b>  |
| <b>Type of Sub-fund</b>                  | <b>UCITS scheme</b>  |
| <b>Investment Objective and Policy</b>   | <p>The investment objective is to achieve consistent long term returns from both capital and income by investing across a diversified global portfolio of assets.</p> <p>The Investment Manager uses a global asset allocation framework to invest across a diversified range of asset classes, geographies, sectors and investment styles. The portfolio invests in a combination of specialist funds, ETFs, listed investment vehicles, individual securities and cash, and uses derivatives for hedging and investment purposes to both reduce market risk and enhance returns. As a consequence, the portfolio exhibits low correlation to traditional asset classes. Positions are generally held with a three to five year time horizon. However, the management of the portfolio is active and the investment strategy is liquid and dynamic in order to adapt to changing market conditions.</p> |
| <b>Benchmark</b>                         | The Fund does not have a specific benchmark. The performance of the Fund can be measured by considering whether the objective is achieved (i.e. whether consistent long term returns are provided).  |
| <b>Final Accounting Date</b>             | 30 September   |
| <b>Interim Accounting Date</b>           | 31 March   |
| <b>Income Distribution Dates</b>         | 30 November (final)<br>31 May (interim)  |
| <b>Shares Classes and type of Shares</b> | A Accumulation A Income<br>I Accumulation I Income<br>R Accumulation R Income  |
| <b>Initial Charge</b>                    | 0% for all share classes but can be raised to 5% if 3 months' notice is given  |
| <b>Redemption Charge</b>                 | Nil  |
| <b>Switching Charge</b>                  | Nil  |
| <b>Ongoing Charge Figure (OCF)</b>       | A Accumulation & A Income 2.29%<br>R Accumulation & R Income 1.54%<br>I Accumulation & I Income 1.38%  |
| <b>Annual Management Charge</b>          | A Accumulation & A Income 1.50%<br>R Accumulation & R Income 0.75%<br>I Accumulation & I Income 0.75%  |

| <b>Allocation of Charges</b>                       | <b>Income</b> | <b>Capital</b> |
|--|---------------|----------------|
| AMC  | 100%          |                |
| Expenses   | 100%          |                |
| Portfolio Transactions (SDRT, broker's commission) |               | 100%           |
| Charges taken from Income                          | Yes           |                |

| <b>Investment Minima*</b>   | <b>A<br/>Accumulation<br/>Shares</b>              | <b>A<br/>Income<br/>Shares</b>                    | <b>R<br/>Accumulation<br/>Shares</b>              | <b>R<br/>Income<br/>Shares</b>                    |
|-----------------------------|---|---|---|---|
| <b>Lump Sum</b>             | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Holding</b>              | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Top-up</b>               | £1,000  | £1,000  | £1,000  | £1,000  |
| <b>Regular Savings Plan</b> | £100 per month                                    | £100 per month                                    | £100 per month                                    | £100 per month                                    |
| <b>Redemption</b>           | N/A (providing the minimum holding is maintained) |

| <b>Investment Minima*</b>   | <b>I<br/>Accumulation<br/>Shares</b>              | <b>I<br/>Income Shares</b>                        |
|-----------------------------|---|---|
| <b>Lump Sum</b>             | £1 million  | £1 million  |
| <b>Holding</b>              | £1 million  | £1 million  |
| <b>Top-up</b>               | £10,000   | £10,000   |
| <b>Regular Savings Plan</b> | N/A   | N/A   |
| <b>Redemption</b>           | N/A (providing the minimum holding is maintained) | N/A (providing the minimum holding is maintained) |

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

Ongoing Charge Figure (OCF): The ongoing charge figure will include the cost of investment management and administration, plus other costs of running the fund, based on all chargeable expenses at expected future rates. The OCF is based on the historic AUM over the past 12 months.

|  |  |
|--|--|
| <b>Name</b>                              | <b>VT Garraway Multi Asset Dynamic Fund</b><br><b>(NO LONGER AVAILABLE FOR INVESTMENT)</b>   |
| <b>PRN</b>                               | <b>635224</b>  |
| <b>Type of Sub-fund</b>                  | <b>UCITS scheme</b>  |
| <b>Investment Objective and Policy</b>   | <p>The investment objective is to achieve consistent long term returns from capital growth by dynamically investing across a global portfolio of assets.</p> <p>The Investment Manager uses a global asset allocation framework to dynamically invest across a range of asset classes, geographies, sectors and investment styles. The portfolio invests in a combination of specialist funds, ETFs, listed investment vehicles, individual securities and cash, and uses derivatives for hedging and investment purposes to both reduce market risk and enhance returns. As a consequence, the portfolio exhibits moderate correlation to traditional asset classes. Positions are generally held with a three to five year time horizon. However, the management of the portfolio is active and the investment strategy is liquid and dynamic in order to adapt to changing market conditions.</p> |
| <b>Benchmark</b>                         | The Fund does not have a specific benchmark. The performance of the Fund can be measured by considering whether the objective is achieved (i.e. whether consistent long term returns are provided).  |
| <b>Final Accounting Date</b>             | 30 September   |
| <b>Interim Accounting Date</b>           | 31 March   |
| <b>Income Distribution Dates</b>         | 30 November (final)<br>31 May (interim)  |
| <b>Shares Classes and type of Shares</b> | A Accumulation A Income<br>I Accumulation I Income<br>R Accumulation R Income<br>RA Accumulation RA Income   |
| <b>Initial Charge</b>                    | 0% for all share classes but can be raised to 5% if 3 months' notice is given  |
| <b>Redemption Charge</b>                 | Nil  |
| <b>Switching Charge</b>                  | Nil  |
| <b>Ongoing Charge Figure (OCF)</b>       | A Accumulation & A Income 2.78%<br>R Accumulation & R Income 2.03%<br>RA Accumulation & RA Income 2.27%<br>I Accumulation & I Income 1.87%   |

### Annual Management Charge

A Accumulation & A Income 1.50%  
 R Accumulation & R Income 0.75%  
 RA Accumulation & RA Income 1.00%  
 I Accumulation & I Income 0.75%

### Allocation of Charges

### Income

### Capital

AMC

100%

Expenses

100%

Portfolio Transactions (SDRT, broker's commission)

100%

Charges taken from Income

Yes

| Investment Minima*   | A   | A   | R   | R   | RA  | RA  |
|----------------------|---|---|---|---|---|---|
|                      | Accumulation Shares                               | Income Shares                                     | Accumulation Shares                               | Income Shares                                     | Accumulation Shares                               | Income Shares                                     |
| Lump Sum             | £10,000   | £10,000   | £10,000   | £10,000   | £10,000   | £10,000   |
| Holding              | £10,000   | £10,000   | £10,000   | £10,000   | £10,000   | £10,000   |
| Top-up               | £1,000  | £1,000  | £1,000  | £1,000  | £1,000  | £1,000  |
| Regular Savings Plan | £100 per month                                    |
| Redemption           | N/A (providing the minimum holding is maintained) |

| Investment Minima*   | I   | I   |
|----------------------|---|---|
|                      | Accumulation Shares                               | Income Shares                                     |
| Lump Sum             | £1 million  | £1 million  |
| Holding              | £1 million  | £1 million  |
| Top-up               | £10,000   | £10,000   |
| Regular Savings Plan | N/A   | N/A   |
| Redemption           | N/A (providing the minimum holding is maintained) | N/A (providing the minimum holding is maintained) |

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

Ongoing Charge Figure (OCF): The ongoing charge figure will include the cost of investment management and administration, plus other costs of running the fund, based on all chargeable expenses at expected future rates. The OCF is based on the historic AUM over the past 12 months.

|  |   |
|--|---|
| <b>Name</b>                              | <b>VT Garraway Multi Asset Growth Fund</b>  |
| <b>PRN</b>                               | 635225  |
| <b>Type of Sub-fund</b>                  | UCITS scheme  |
| <b>Investment Objective and Policy</b>   | <p>The investment objective is to achieve capital growth over the long term (5 years)_by investing across a global portfolio of assets.</p> <p>The investment manager uses a global asset allocation framework to invest across a wide range of asset classes, geographies, sectors and investment styles. The portfolio aims to generate capital growth by investing in a combination of specialist funds, ETFS, listed investment vehicles, individual securities and cash, and uses derivatives for hedging and investment purposes to both reduce market risk and enhance returns. As a consequence, the portfolio exhibits moderate correlation to traditional asset classes. Positions are generally held with a three to five year time horizon. However, the management of the portfolio is active and the investment strategy is liquid and dynamic in order to adapt to changing market conditions.</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 to that of the IA Mixed Asset 40-85% sector.</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>Final Accounting Date</b>             | 30 September  |
| <b>Interim Accounting Date</b>           | 31 March  |
| <b>Income Distribution Dates</b>         | 30 November (final)<br>31 May (interim)   |
| <b>Shares Classes and type of Shares</b> | A Accumulation A Income<br>R Accumulation R Income<br>I Accumulation I Income<br>IA Accumulation IA Income  |

**Initial Charge** 0% for all share classes but can be raised to 5% if 3 months' notice is given

**Redemption Charge** Nil

**Switching Charge** Nil

**Ongoing Charge Figure (OCF)**  
 A Accumulation & A Income 2.59%  
 R Accumulation & R Income 1.84%  
 I Accumulation & I Income 1.69%  
 IA Accumulation & IA Income 1.48%

**Annual Management Charge**  
 A Accumulation & A Income 1.50%  
 R Accumulation & R Income 0.75%  
 I Accumulation & I Income 0.75%  
 IA Accumulation & IA Income 0.55%

| <b>Allocation of Charges</b>                       | <b>Income</b> | <b>Capital</b> |
|--|---------------|----------------|
| AMC  | 100%          |                |
| Expenses   | 100%          |                |
| Portfolio Transactions (SDRT, broker's commission) |               | 100%           |
| Charges taken from Income                          | Yes           |                |

| <b>Investment Minima*</b>   | <b>A Accumulation Shares</b>                      | <b>A Income Shares</b>                            | <b>R Accumulation Shares</b>                      | <b>R Income Shares</b>                            |
|-----------------------------|---|---|---|---|
| <b>Lump Sum</b>             | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Holding</b>              | £10,000   | £10,000   | £10,000   | £10,000   |
| <b>Top-up</b>               | £1,000  | £1,000  | £1,000  | £1,000  |
| <b>Regular Savings Plan</b> | £100 per month                                    | £100 per month                                    | £100 per month                                    | £100 per month                                    |
| <b>Redemption</b>           | N/A (providing the minimum holding is maintained) |

| <b>Investment Minima*</b>   | <b>I Accumulation Shares</b> | <b>I Income Shares</b> | <b>IA Accumulation Shares</b> | <b>IA Income Shares</b> |
|-----------------------------|------------------------------|------------------------|-------------------------------|-------------------------|
| <b>Lump Sum</b>             | £1 million                   | £1 million             | £25 million                   | £25 million             |
| <b>Holding</b>              | £1 million                   | £1 million             | £25 million                   | £25 million             |
| <b>Top-up</b>               | £10,000                      | £10,000                | £1,000                        | £1,000                  |
| <b>Regular Savings Plan</b> | N/A                          | N/A                    | N/A                           | N/A                     |

|                   |   |   |   |   |
|-------------------|---|---|---|---|
| <b>Redemption</b> | N/A (providing the minimum holding is maintained) |
|-------------------|---|---|---|---|

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

Ongoing Charge Figure (OCF): The ongoing charge figure will include the cost of investment management and administration, plus other costs of running the fund, based on all chargeable expenses at expected future rates. The OCF is based on the historic AUM over the past 12 months.

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Sub-funds may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public (excluding Cyprus and Slovenia).

Each Sub-fund may also deal through the securities markets and derivatives markets indicated below:

#### **Eligible Securities Markets:**

|                          |  |
|--------------------------|--|
| United States of America | New York Stock Exchange  |
|                          | The NASDAQ Stock Market (NASDAQ)                                     |
|                          | NYSE Amex Equities   |
|                          | NYSE Arca, Inc.  |
| Australia                | Australian Securities Exchange (ASX)                                 |
| Canada                   | Toronto Stock Exchange   |
|                          | TSX Venture Exchange   |
| Hong Kong                | Hong Kong Exchange   |
| Japan                    | Tokyo Stock Exchange   |
|                          | Osaka Exchange   |
| Mexico                   | Bolsa Mexicana de Valores (BMV)                                      |
| Switzerland              | SIX Swiss Exchange (SWX)   |
| United Kingdom           | The Alternative Investment Market of the London Stock Exchange (AIM) |

#### **Eligible Derivatives Markets:**

|                |  |
|----------------|--|
| United Kingdom | The London International Financial Futures and Options Exchange (NYSE LIFFE) |
|----------------|--|

## APPENDIX III

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1 GENERAL

The Scheme Property will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy and the limits set out in the Sourcebook and this Prospectus. These limits apply to each Sub-fund as summarised below.

The ACD shall ensure that, taking into account the investment objectives and policy of the Sub-funds, the property of each fund aims to provide a prudent spread of risk.

The Sub-funds are not expected to have high volatility owing to their portfolio composition or the portfolio management techniques used over and above the general market volatility of the markets of the underlying investments.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the property of the Fund in money market instruments and/or cash deposits, subject to the rules detailed below.

##### a) Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of each Sub-fund, the Scheme Property aims to provide a prudent spread of risk.

##### i) Cover

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

## 2 UCITS SCHEMES - GENERAL

- a) Subject to the investment objective and policy of a Sub-fund, the Scheme Property of a Sub-fund must, except where otherwise provided in the Sourcebook, only consist of any or all of:
- i) transferable securities;
  - ii) approved money-market instruments;
  - iii) permitted units in collective investments schemes;
  - iv) permitted derivatives and forward transactions; and
  - v) permitted deposits.

It is not intended that the Sub-funds will have an interest in any immovable property or tangible movable property.

- b) The requirements on spread of investments generally and in relation to investment in government and public securities 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 Sub-fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk in paragraph 1 a) of this Appendix is complied with.

## 3 TRANSFERABLE SECURITIES

- a) A transferable security is an investment which is one of the following:
- i) a share;
  - ii) a debenture;
  - iii) an alternative debenture<sup>30</sup>
  - iv) a government and public security;
  - v) a warrant; or
  - vi) a certificate representing certain securities.
- b) 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.
- c) In applying 3 b) to an investment which is issued by a body corporate, and which is a share or a, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- d) 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.

- e) A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- i) the potential loss which a Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - ii) 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 the FCA Handbook;
  - iii) reliable valuation is available for it as follows:
    - 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;
    - 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;
  - iv) appropriate information is available for it as follows
    - 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;
    - 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;
  - v) it is negotiable; and
  - vi) its risks are adequately captured by the risk management process of the ACD.
- f) 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:
- i) not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - ii) to be negotiable.
- g) No more than 5% of the Scheme Property of a Sub-fund may be invested in warrants.

4 CLOSED END FUNDS CONSTITUTING TRANSFERABLE SECURITIES

- a) A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 3 e) and either:
- i) where the closed end fund is constituted as an investment company or a unit trust:
    - 1. it is subject to corporate governance mechanisms applied to companies; and
    - 2. where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - ii) where the closed end fund is constituted under the law of contract:
    - 1. it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 2. it is managed by a person who is subject to national regulation for the purpose of investor protection.

5 TRANSFERABLE SECURITIES LINKED TO OTHER ASSETS

- a) A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-fund provided the investment:
- i) fulfils the criteria for transferable securities set out in 3 e) above; and
  - ii) is backed by or linked to the performance of other assets, which may differ from those in which a Sub-fund can invest.
- b) Where an investment in 5 a) contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

6 APPROVED MONEY-MARKET INSTRUMENTS

- a) An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.
- b) A money-market instrument shall be regarded as normally dealt in on the money-market if it:
- i) has a maturity at issuance of up to and including 397 days;
  - ii) has a residual maturity of up to and including 397 days;
  - iii) undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or

- iv) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6 b) i) or 6 b) ii) or is subject to yield adjustments as set out in 6 b) iii).
- c) 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.
- d) 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:
  - i) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Sub-fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - ii) based either on market data or on valuation models including systems based on amortised costs.
- e) A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

7 TRANSFERABLE SECURITIES AND MONEY-MARKET INSTRUMENTS GENERALLY TO BE ADMITTED OR DEALT IN ON AN ELIGIBLE MARKET

- a) Transferable securities and approved money-market instruments held within a Sub-fund must be:
  - i) admitted to or dealt in on an eligible market as described in 8 c) i); or
  - ii) dealt in on an eligible market as described in 8 c) ii); or
  - iii) admitted to or dealt in on an eligible market as described in 8 d); or
  - iv) for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9 a); or
  - v) recently issued transferable securities provided that:
    - 1. the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 2. such admission is secured within a year of issue.
- b) However, a Sub-fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7 a).

- c) The ability to hold 10% of the scheme property in ineligible assets under 7 b) is subject to the following limitations:
  - i) For a qualifying money market fund, the 10% restriction is limited to high quality money market instruments with a maturity or residual maturity of not more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days;
  - ii) For a short-term money market fund, the 10% restriction is limited to high quality approved money-market instruments as determined in the Sourcebook.

## 8 ELIGIBLE MARKETS REGIME

- a) To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- b) Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- c) A market is eligible for the purposes of the rules if it is:
  - i) a regulated market as defined in the FCA Handbook; or
  - ii) a market in an EEA State which is regulated, operates regularly and is open to the public; or
  - iii) a market falling in paragraph 8 d) of this Appendix.
- d) A market not falling within paragraph 8 c) i) and 8 c) ii) of this Appendix is eligible for the purposes of the Sourcebook if:
  - i) the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - ii) the market is included in a list in the Prospectus; and
  - iii) the Depositary has taken reasonable care to determine that:
    1. adequate custody arrangements can be provided for the investment dealt in on that market; and
    2. all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- e) In paragraph 8 d) i) a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, 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.

- f) The Eligible Markets for the Sub-funds are set out in APPENDIX II.

#### 9 MONEY-MARKET INSTRUMENTS WITH A REGULATED ISSUER

- a) In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:
  - i) the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and
  - ii) the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.
- b) The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:
  - i) the instrument is an approved money-market instrument;
  - ii) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and
  - iii) the instrument is freely transferable.

#### 10 ISSUERS AND GUARANTORS OF MONEY-MARKET INSTRUMENTS

- a) A Sub-fund may invest in an approved money-market instrument if it is:
  - i) issued or guaranteed by any one of the following:
    1. a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
    2. a regional or local authority of an EEA State;
    3. the European Central Bank or a central bank of an EEA State;
    4. the European Union or the European Investment Bank;
    5. a non-EEA State or, in the case of a federal state, one of the members making up the federation;
    6. a public international body to which one or more EEA States belong; or
  - ii) issued by a body, any securities of which are dealt in on an eligible market; or

- iii) issued or guaranteed by an establishment which is:
  - 1. subject to prudential supervision in accordance with criteria defined by European Union law; or
  - 2. subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Union law.
- b) An establishment shall be considered to satisfy the requirement in 10 a) iii) 2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - i) it is located in the European Economic Area;
  - ii) it is located in an OECD country belonging to the Group of Ten;
  - iii) it has at least investment grade rating;
  - iv) 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 European Union law.

#### 11 APPROPRIATE INFORMATION FOR MONEY-MARKET INSTRUMENTS

- a) In the case of an approved money-market instrument within 10 a) ii) 2 or issued by a body of the type referred to in the relevant part of the Sourcebook, or which is issued by an authority within 10 a) i) 2 or a public international body within 10 a) i) 6 but is not guaranteed by a central authority within 10 a) i) 1, the following information must be available:
  - i) 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;
  - ii) updates of that information on a regular basis and whenever a significant event occurs; and
  - iii) available and reliable statistics on the issue or the issuance programme.
- b) In the case of an approved money-market instrument issued or guaranteed by an establishment within 10 a) iii), the following information must be available:
  - i) 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;
  - ii) updates of that information on a regular basis and whenever a significant event occurs; and
  - iii) 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.

- c) In the case of an approved money-market instrument:
  - i) within 10 a) i) 1, 10 a) i) 4 or 10 a) i) 5; or
  - ii) which is issued by an authority within 10 a) i) 2 or a public international body within 10 a) i) 6 and is guaranteed by a central authority within 10 a) i) 1;

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

## 12 SPREAD GENERAL

- a) This rule on spread does not apply to government and public securities.
- b) For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- c) Not more than 20% in value of the Scheme Property of a Sub-Fund is to consist of deposits with a single body.
- d) Not more than 5% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- e) The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Sub-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.
- f) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- g) Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- h) Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of the units of any one collective investment scheme.
  - i) The Sourcebook provides that in applying the limits in paragraphs 12 c), 12 d) and 12 f), subject to paragraph 12 e), not more than 20% in value of the Scheme Property of a Sub-fund is to consist of any combination of two or more of the following:
    - i) transferable securities (including covered bonds) or approved money-market instruments issued by; or

- ii) deposits made with; or
- iii) exposures from OTC derivatives transactions made with;  
a single body.

13 COUNTERPARTY RISK AND ISSUER CONCENTRATION

- a) The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraph 12 f) and 12 i) above.
- b) When calculating the exposure of a Sub-fund to a counterparty in accordance with the limits in paragraph 12 f), the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- c) An ACD may net the OTC derivative positions of a Sub-fund with the same counterparty, provided:
  - i) it is able legally to enforce netting agreements with the counterparty on behalf of the Sub-fund; and
  - ii) the netting agreements in paragraph 13 c) i) do not apply to any other exposures the Sub-fund may have with that same counterparty.
- d) An ACD may reduce the exposure of the Scheme Property to a counterparty of an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation, however, cash is only accepted as collateral
- e) The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 13 f) when it passes collateral to an OTC counterparty on behalf of a Sub-fund.
- f) Collateral passed in accordance with paragraph 13 e), above, 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 Sub-fund.
- g) The ACD must calculate the issuer concentration limits referred to in paragraph 12 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- h) In relation to the exposure arising from OTC derivatives as referred to in paragraph 12 i), the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

14 SPREAD: GOVERNMENT AND PUBLIC SECURITIES

- a) The following section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
  - a. an EEA state;

- b. a local authority of an EEA state;
  - c. a non-EEA state; or
  - d. a public international body to which one or more EEA states belong.
- b) Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- c) The Company or any Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- i) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Sub-fund;
  - ii) no more than 30% in value of the Scheme Property of a Sub-fund consists of such securities of any one issue;
  - iii) the Scheme Property of a Sub-fund includes such securities issued by that or another issuer, of at least six different issues; and
  - iv) the disclosures required by the FCA have been made.

In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in Government and other public securities issued or guaranteed by the Government of the United Kingdom, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America, or securities issued by the European Investment Bank.

- d) Notwithstanding 12 a) and subject to 14 b) and 14 c) above, in applying the 20% limit in paragraph 12 c) with respect to a single body, government and public securities issued by that body shall be taken into account.

## 15 INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES

- a) Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme"), provided that Second Scheme satisfies all of the following conditions.
- i) The Second Scheme must:
    - 1. satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

2. be a recognised scheme under the provisions of section 272 of the Act (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
3. be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or
4. be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met.
5. be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
  - signed the IOSCO Multilateral Memorandum of Understanding; and
  - approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met).

No more than 30% of the value of the property of a Sub-fund may be invested in schemes falling within 15 a) i) 2 to 15 a) i) 5.

- ii) The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15 a) ii), paragraph 1 a) and 12 (Spread: general) apply to each Sub-fund as if it were a separate scheme.
- b) The Scheme Property attributable to a Sub-fund may include Shares in another Sub-fund of the Company (the "Second Sub-fund") subject to the requirements of paragraph 15.c below.
- c) A Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:
  - i) the Second Sub-fund does not hold Shares in any other Sub-fund of the Company;
  - ii) the requirements set out at paragraphs 15 f) and 15 g) below are complied with; and
  - iii) not more than 30% in value of the Scheme Property of the investing or disposing Sub-fund is to consist of Shares in the Second Sub-fund.
- d) The Sub-funds may, subject to the limit set out in paragraph 15.a above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-funds or one of its associates.
- e) If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Sub-fund concerned will be 6%.

- f) Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Sub-fund's prospectus clearly states that it may enter into such investments and the rules on double charging contained in the Sourcebook are complied with.
- g) Where a Sub-fund of the Company invests in or disposes of Shares in a Second Sub-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 Sub-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.

## 16 INVESTMENT IN NIL AND PARTLY PAID SECURITIES

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

## 17 DERIVATIVES: GENERAL

Where it is consistent with a Sub-fund's investment objectives and policy, transactions in derivatives may be used for the purposes of hedging in accordance with Efficient Portfolio Management and/or meeting the investment objectives of the Sub-funds. In pursuing the Sub-fund's investment objectives the Investment Manager may make use of a variety of instruments in accordance with the Sourcebook and in accordance with its risk management policy. The Sub-funds are able to use derivatives for investment purposes. All Sub-funds can use derivatives for EPM purposes.

It is not intended that the use of derivatives by the Sub-funds will cause the Net Asset Value of the Sub-funds to have high volatility or otherwise cause their existing risk profile to change.

- a) A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 19 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 30 (Cover for investment in derivatives and forward transactions) of this Appendix.
- b) Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in 12 (Spread: general and 14 (Spread: government and public securities) except for index based derivatives where 17 f) below applies.
- c) Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- d) A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - i) 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;

- ii) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - iii) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- e) 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
- f) Where a Sub-fund invests in an index based derivative, provided the relevant index falls within paragraph 20 (Relevant Indices), the underlying constituents of the index do not have to be taken into account for the purposes of compliance with the requirements of the Sourcebook.
- g) The relaxation in 17 f) is subject to the ACD taking account of 1 a) (Prudent spread of risk).

## 18 EFFICIENT PORTFOLIO MANAGEMENT

The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the Sourcebook. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

- a) Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
  - i) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - ii) Transactions for the generation of additional capital growth or income for the Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
    - 1. pricing imperfections in the market as regards the property which the Sub-fund holds or may hold; or

2. receiving a premium for the writing of a covered call option or a cash covered put option on property of the Sub-fund which the Company is willing to buy or sell at the exercise price, or
3. stock lending arrangements.

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

- b) Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the Sourcebook. A permitted transaction may at any time be closed out.
- c) The Investment Manager may use one or more separate counterparties to undertake transactions on behalf of the Fund. The Fund may be required to pledge or transfer collateral paid from within the assets of the Fund to secure such contracts entered into for EPM including in relation to derivatives. There may be a risk that a counterparty will wholly, or partially, fail to honour their contractual arrangements with regards to the return of collateral and any other payments due to the Fund.
- d) The eligible derivatives markets for the Sub-funds are set out in APPENDIX II.

#### 19 PERMITTED TRANSACTIONS (DERIVATIVES AND FORWARDS)

- a) A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 24 (OTC transactions in derivatives) of this Appendix.
- b) A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, money market instruments, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes), financial indices, interest rates, foreign exchange rates, and currencies.
- c) A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- d) A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument constituting the Sub-fund and the most recently published prospectus.
- e) 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 11 b) are satisfied.

- f) Any forward transaction must be with an Eligible Institution or an Approved Bank.
- g) A derivative includes an investment which fulfils the following criteria:
  - i) it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - ii) it does not result in the delivery or the transfer of assets other than those permitted by the Sourcebook, including cash;
  - iii) in the case of an OTC derivative, it complies with the requirements in paragraph 3; and
  - iv) its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- h) A Sub-fund may not undertake transactions in derivatives on commodities.

20 FINANCIAL INDICES UNDERLYING DERIVATIVES

- a) The financial indices referred to in 19 b) are those which satisfy the following criteria:
  - i) the index is sufficiently diversified;
  - ii) the index represents an adequate benchmark for the market to which it refers; and
  - iii) the index is published in an appropriate manner.
- b) A financial index is sufficiently diversified if:
  - i) 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;
  - ii) where it is composed of assets in which a Sub-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 section; and
  - iii) where it is composed of assets in which a Sub-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 section.
- c) A financial index represents an adequate benchmark for the market to which it refers if:
  - i) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - ii) 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

- iii) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- d) A financial index is published in an appropriate manner if:
  - i) 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
  - ii) 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.
- e) 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 b), be regarded as a combination of those underlyings.

## 21 CALCULATION OF GLOBAL EXPOSURE

- a) The ACD must calculate the global exposure of a Fund on at least a daily basis.
- b) The ACD must calculate the global exposure of any Fund it manages either as:
  - i) The incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 (Derivatives: General), which may not exceed 100% of the net value of the Scheme Property; or
  - ii) The market risk of the Scheme Property.
- c) 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.
- d) The ACD must calculate the global exposure of a Fund by using:
  - i) Commitment approach; or
  - ii) The value at risk approach.
- e) The ACD must ensure that the method selected above is appropriate, taking into account:
  - i) The investment strategy pursued by the Fund;
  - ii) Types and complexities of the derivatives and forward transactions used; and
  - iii) The proportion of the Scheme Property comprising derivatives and forward transactions.

Where a Fund employs techniques and instruments including repo contracts or stock lending in accordance with paragraph 40 (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

## 22 TRANSACTIONS FOR THE PURCHASE OF PROPERTY

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-fund may be entered into only if that property can be held for the account of a Sub-fund, and 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 Sourcebook.

## 23 REQUIREMENT TO COVER SALES

No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-fund at the time of the agreement. This requirement does not apply to a deposit.

## 24 OTC TRANSACTIONS IN DERIVATIVES

- a) Any transaction in an OTC derivative under paragraph 9 must be:
- i) in a future or an option or a contract for differences;
  - ii) 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; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
  - iii) on approved terms; the terms of the transaction in derivatives are approved only if, the ACD: 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 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
  - iv) capable of valuation; a transaction in derivatives is capable of 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:
    - 1. on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
    - 2. if the value referred to in 23 a) iv) 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

- v) 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:
  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
  2. a department within the ACD which is independent from the department in charge of managing a Sub-fund and which is adequately equipped for such a purpose.
- vi) For the purposes of paragraph 23 a) iii), “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 INVESTMENT IN DEPOSITS

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

## 26 RISK MANAGEMENT

The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund’s positions and their contribution to the overall risk profile of a Sub-fund. Before using the process, the ACD will notify the FCA of the details of the risk management process.

## 27 SIGNIFICANT INFLUENCE

- a) 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:
  - i) immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
  - ii) the acquisition gives the Company that power.
- b) For the purposes of paragraph 26 b) of this Appendix, 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).

## 28 CONCENTRATION

A Sub-fund:

- a) must not acquire transferable securities other than debt securities which:
  - i) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - ii) represent more than 10% of these securities issued by that body corporate;
- b) must not acquire more than 10% of the debt securities issued by any single issuing body;
- c) must not acquire more than 25% of the units in a collective investment scheme;
- d) must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- e) need not comply with the limits in paragraphs 27 b), 27 c) and 27 d) of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 29 DERIVATIVE EXPOSURE

- a) The Sub-funds may invest in derivatives and forward transactions as long as the exposure to which a Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- b) Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Sub-fund is committed. Paragraph 30 (Cover for transactions in derivatives and forward transactions) below sets out detailed requirements for cover of that Sub-fund.
- c) A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- d) Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## 30 COVER FOR INVESTMENTS IN DERIVATIVES AND FORWARD TRANSACTIONS

Global exposure relating to derivatives and forward transactions held in a Sub-fund must not exceed the net value of the Scheme Property.

## 31 COVER AND BORROWING

- a) Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 30 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- b) Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 35 (Borrowing powers) of this Appendix do not apply to that borrowing.

### 32 CASH AND NEAR CASH

- a) Cash and near cash must not be retained in the Scheme Property of the Sub-funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:
  - i) the pursuit of a Sub-fund's investment objectives; or
  - ii) the redemption of Shares; or
  - iii) efficient management of a Sub-fund in accordance with its investment objectives; or
  - iv) other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- b) During the period of the initial offer the Scheme Property of the Sub-funds may consist of cash and near cash without limitation.

### 33 GENERAL

- a) It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- b) Where a Sub-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 a Sub-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.
- c) A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-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.

### 34 UNDERWRITING

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

#### 35 BORROWING POWERS

- a) The ACD may, on the instructions of the Company and subject to the Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.
- b) Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- c) The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of each Sub-fund.
- d) 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).

#### 36 RESTRICTIONS ON LENDING OF MONEY

- a) None of the money in the Scheme Property of a Sub-fund may be lent and, for the purposes of this paragraph, money is lent by a Sub-fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- b) Acquiring a debenture is not lending for the purposes of paragraph a), nor is the placing of money on deposit or in a current account.
- c) Nothing in paragraph 36 a) prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

#### 37 RESTRICTIONS ON LENDING OF PROPERTY OTHER THAN MONEY

- a) Scheme Property of the Sub-funds other than money must not be lent by way of deposit or otherwise.
- b) Transactions permitted by paragraph 39 (Stock lending) are not to be regarded as lending for the purposes of paragraph 36 a).
- c) The Scheme Property of the Sub-funds must not be mortgaged.
- d) Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with the Sourcebook, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property

under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

### 38 GENERAL POWER TO ACCEPT OR UNDERWRITE PLACINGS

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

### 39 GUARANTEES AND INDEMNITIES

- a) The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- b) None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- c) Paragraphs 38 a) and 38 b) do not apply to in respect of the Company:
  - i) any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the Sourcebook;
  - ii) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - iii) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - iv) an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

### 40 STOCK LENDING

- a) The entry into stock lending transactions or repo contracts for the account of a Sub-fund is permitted for the generation of additional income for the benefit of that Sub-fund, and hence for its Shareholders.
- b) 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.
- c) The stock lending permitted by this section may be exercised by a Sub-fund when it reasonably appears to a Sub-fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- d) The Company or the Depositary at the request of the Company may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of a Sub-fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in the Sourcebook, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- e) The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary 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.
- f) 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 Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Sub-fund.
- g) There is no limit on the value of the Scheme Property of a Sub-fund which may be the subject of stock lending transactions or repo contracts.

**APPENDIX IV**

LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

**The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:**

| <b>Authorised collective investment schemes of which the ACD is the authorised corporate director</b> |                              |                            |                          |
|---|------------------------------|----------------------------|--------------------------|
| <b>Name</b>   | <b>Place of registration</b> | <b>Registration number</b> | <b>Product Reference</b> |
| 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 Wales            | IC016426                   | 913889                   |

|   |                  |     |          |        |
|---|------------------|-----|----------|--------|
| VT AJ Bell ICVC                               | England<br>Wales | and | IC001082 | 769363 |
| VT Argonaut Funds                             | England<br>Wales | and | IC000934 | 576956 |
| VT Asset Intelligence Fund<br>Solutions ICVC* | England<br>Wales | and | IC035155 | 940231 |
| VT Astute Funds ICVC                          | England<br>Wales | and | IC029376 | 928663 |
| VT Blackfinch Funds ICVC                      | England<br>Wales | and | IC026707 | 925120 |
| VT Cantab Funds ICVC                          | England<br>Wales | and | IC001114 | 808050 |
| VT Cape Wrath Focus Fund*                     | England<br>Wales | and | IC001061 | 741524 |
| VT Chelsea Managed ICVC                       | England<br>Wales | and | IC001085 | 773989 |
| VT Clear Peak Capital ICVC                    | England<br>Wales | and | IC011866 | 841768 |
| VT Contra Capital Funds<br>ICVC               | England<br>Wales | and | IC021606 | 918272 |
| VT Dominion Holdings ICVC*                    | England<br>Wales | and | IC001093 | 778841 |
| VT Downing Investment<br>Funds ICVC           | England<br>Wales | and | IC000824 | 521374 |
| VT Downing Investor Funds<br>ICVC             | England<br>Wales | and | IC024590 | 921279 |
| VT Esprit FS ICVC                             | England<br>Wales | and | IC001105 | 794635 |
| VT Freedom UCITS OEIC                         | England<br>Wales | and | IC031441 | 932492 |
| VT Garraway Investment<br>Funds ICVC          | England<br>Wales | and | IC000935 | 573884 |

|  |                  |     |            |        |
|--|------------------|-----|------------|--------|
| VT Garraway Investment Fund Series II      | England<br>Wales | and | IC000025   | 188718 |
| VT Garraway Investment Fund Series III     | England<br>Wales | and | IC000584   | 472521 |
| VT Garraway Investment Fund Series IV      | England<br>Wales | and | IC000534   | 465988 |
| VT Gravis UK Listed Property (Feeder) Fund | England<br>Wales | and | Unit Trust | 913629 |
| VT Gravis Funds ICVC                       | England<br>Wales | and | IC001055   | 724240 |
| VT Gravis Real Assets Fund                 | England<br>Wales | and | IC016070   | 913626 |
| VT Greystone ICVC                          | England<br>Wales | and | IC000403   | 434235 |
| VT Greystone Cautious Managed ICVC*        | England<br>Wales | and | IC000407   | 435265 |
| VT Greystone Conservative Managed ICVC*    | England<br>Wales | and | IC000533   | 465365 |
| VT Grosvenor Funds ICVC                    | England<br>Wales | and | IC001077   | 762880 |
| VT Halo Funds ICVC                         | England<br>Wales | and | IC001018   | 629070 |
| VT iFunds OEIC                             | England<br>Wales | and | IC000868   | 536578 |
| VT Johnston Financial Funds ICVC           | England<br>Wales | and | IC027796   | 926097 |
| VT KMGIM Strategies ICVC                   | England<br>Wales | and | IC016648   | 914127 |
| VT Munro Smart-Beta Fund                   | England<br>Wales | and | IC000551   | 467964 |
| VT North Capital Funds ICVC                | England<br>Wales | and | IC026575   | 924848 |

|   |                  |     |          |        |
|---|------------------|-----|----------|--------|
| VT Plain English Finance Funds ICVC               | England<br>Wales | and | IC001096 | 782737 |
| VT PortfolioMetrix GBP Funds ICVC                 | England<br>Wales | and | IC035161 | 940234 |
| VT Portfolio Solutions ICVC                       | England<br>Wales | and | IC030801 | 931577 |
| VT PPM Investment Funds                           | England<br>Wales | and | IC017239 | 914471 |
| VT Price Value Partners Funds ICVC                | England<br>Wales | and | IC001033 | 671132 |
| VT Redlands Fund                                  | England<br>Wales | and | IC001043 | 694999 |
| VT Redlands NURS ICVC*                            | England<br>Wales | and | IC001089 | 776548 |
| VT Reyker Funds ICVC                              | England<br>Wales | and | IC001121 | 812559 |
| VT RM Funds ICVC                                  | England<br>Wales | and | IC001108 | 800855 |
| VT Rossie House Investment Management Funds ICVC* | England<br>Wales | and | IC000991 | 607962 |
| VT Seneca Investment Funds                        | England<br>Wales | and | IC000342 | 407990 |
| VT SG Defined Return Assets ICVC                  | England<br>Wales | and | IC001097 | 784172 |
| VT Smartfund ICVC                                 | England<br>Wales | and | IC001012 | 621247 |
| VT Sorbus Vector Funds ICVC                       | England<br>Wales | and | IC001059 | 731963 |
| VT Tatton Oak ICVC                                | England<br>Wales | and | IC000737 | 494501 |
| VT Teviot Funds ICVC                              | England<br>Wales | and | 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**

## APPENDIX V

### INVESTOR PROFILES

#### **VT Garraway Multi Asset Balanced Fund**

The Fund is suitable for investors who are cautious in their investment approach and seeking a core long-term holding that blends different asset classes to provide diversification and the potential to lower the overall volatility of their returns. They may be looking for their investment to grow ahead of inflation (Consumer Price Index in normal market conditions) with some preservation of their investment. Historic asset class performance suggests this is a likely outcome of the manager's objective of outperforming the median fund in the sector with below-average volatility. However, there will always be some exposure to equities. The Fund may be a solution on its own or as part of an investment solution as a core holding.

#### **VT Garraway Multi Asset Growth Fund**

The Fund may be suitable for those investors that are less cautious in their investment approach and understand the risks of a higher equity weighting. They may be seeking a core long term holding that provides an element of diversification by blending different asset classes. They may be looking for their investment to grow above inflation (CPI in normal economic conditions) with some preservation of their investment, especially in extreme market conditions. Historical asset class performance suggests this is a likely outcome of the manager's objective of outperforming the median fund in the sector with below-

average volatility. The Fund may be a solution on its own or used as a core part of a broader investment solution.

**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 moderate 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 who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Sub-fund.

**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)

**APPENDIX VI**

**SUB CUSTODIANS**

| <b>MARKET</b>   | <b>SUB-CUSTODIAN</b>  |
|---|---|
| <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><br><br><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<br>China - Shanghai- Standard Chartered Bank (China) Limited<br>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<br>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                     |

