

THE VT OXEYE FUNDS

PROSPECTUS

12 December 2023

Prepared in accordance with the FCA Handbook of Rules and Guidance (including
the Collective Investment Schemes Sourcebook and the Investment Funds
Sourcebook)

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IMPORTANT NOTES

If you are in any doubt about the contents of this Prospectus, you should consult your financial adviser or contact Valu-Trac Investment Management Limited on 01343 880 344.

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 the Collective Investment Schemes Sourcebook to be included in it. Valu-Trac Investment Management Limited accepts responsibility accordingly.

This document constitutes the Prospectus for The VT Oxeye Funds, which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated and is valid as at 12 December 2023.

The Company is an investment company with variable capital incorporated with limited liability and registered in England under registered number IC001063. It is a qualified investor scheme as defined in COLL, and also an umbrella company for the purposes of the OEIC Regulations.

Copies of this Prospectus have been sent to the FCA and the Depositary.

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. 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.

Distribution of this Prospectus in certain jurisdictions will require that this Prospectus be translated into the official languages of those jurisdictions. Where such translation is required, the translated version of this Prospectus shall only contain the same information and shall only have the same meaning as in this Prospectus.

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

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 Company's Shareholders (who are taken to have notice of them). A summary of such provisions is included in this Prospectus and a copy of the Instrument of Incorporation is available on request.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out-of-date Prospectus when it has issued a new Prospectus, and investors should check with the ACD that this is the most recently published Prospectus. A copy of the most recently published Prospectus may also be found on the ACD's website at www.valu-trac.com.

Except for the information about itself as Depositary contained in paragraphs 2.2 and 5.4 of this Prospectus, the Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any relevant responsibility under the COLL Sourcebook or otherwise.

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 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

DEFINITIONS

Words and expressions defined in the FCA Handbook shall have the same meaning when used in this Prospectus unless the context otherwise requires. In addition, the following terms shall have the following meaning.

ACD	Valu-Trac Investment Management Limited, or such other entity as is appointed to act as the authorised corporate director of the Company from time to time.
Act	the Financial Services and Markets Act 2000 or any amendment, substitution or re-enactment.
Administrator	Valu-Trac Investment Management Limited, or such other entity as is appointed to act as the administrator of the Company from time to time.
AIF	an alternative investment fund within the scope of the AIFMD Rules.
AIFM	the alternative investment fund manager for the purpose of the AIFMD Rules.
AIFMD Rules	means Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers, as supplemented by Commission Delegated Regulations (EU) No. 231/2013 of 19 December 2012 and the rules and guidance issued by the FCA and ESMA from time to time (including any amendments or updates made in relation thereto) as implemented in the UK by the Alternative Investment Fund Managers Regulations 2013 (as amended).
Auditor	Johnston Carmichael LLP, or such other firm as is appointed to act as the auditors of the Company from time to time.
Base Currency	unless otherwise specified in the case of a Fund, Sterling.
bps	basis points (one basis point being 0.01%).
Business Day	a day (other than a Saturday or Sunday) on which banks are open for normal business in London and on which the London Stock Exchange is open for the normal full duration of its trading hours.
Class or Classes	in relation to Shares, means a particular class or classes of Share relating to a single Fund.
Class Currency	the currency in which the Shares of a Class are designated.
COLL	refers to the Collective Investment Schemes Sourcebook (or, as the context requires, the relevant chapter or rule in the Collective Investment Schemes Sourcebook) forming part of the FCA

	Handbook, as amended from time to time.
Company	The VT Oxeye Funds
Dealing Day	each Business Day.
Depository	NatWest Trustee and Depository Services Limited, or such other entity as is appointed to act as the depository of the Company from time to time.
Director or Directors	the directors of the Company from time to time (including the ACD).
€ or Euro	the single currency of participating member states of the European Economic and Monetary Union introduced on 1 January 1999.
Eligible Investor	an investor determined by the ACD to be a qualified investor in accordance with COLL.
FCA	the Financial Conduct Authority (or any successor or replacement regulator).
FCA Handbook	the FCA Handbook of Rules and Guidance as amended from time to time.
FUND Sourcebook or FUND	the Investment Funds Sourcebook published by the FCA as part of their Handbook made under the Act as it may be amended, or replaced, from time to time.
Fund or Funds	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.
ICVC	investment company with variable capital.
Implied Volatility	as defined in Appendix A.
Investment Manager	any investment manager retained by the ACD pursuant to the Regulations in respect of the Company from time to time.
Instrument of Incorporation	the instrument of incorporation of the Company, as amended from time to time, registered by the Company in accordance with the OEIC Regulations and COLL.
Net Asset Value or NAV	the value of the Scheme Property of the Company (or of any Fund, as the context requires) less the liabilities of the Company (or of the Fund, as the context requires) as calculated in

	accordance with the Instrument of Incorporation.
OEIC Regulations	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.
Performance Fee	the performance fee payable to the Investment Manager out of the assets of the Company attributable to a portfolio, calculated as described under “fees and expenses”.
Price	the price per Share, being the Net Asset Value per Share (including the application of any dilution levy where applicable).
Register	the register of Shareholders of the Company.
Registrar	Valu-Trac Investment Management Limited, or such other entity as is appointed to act as the registrar of the Company from time to time.
Regulations	the OEIC Regulations and the FCA Handbook (including COLL and FUND).
Scheme Property	the property of the Company or (as the context requires) of a particular Fund to be given for safekeeping to the Depositary in accordance with COLL.
Share or Shares	a share or shares in the Company (including larger denomination shares and smaller denomination shares).
Shareholder(s)	holder(s) of registered Shares in the Company.
£ or Sterling	the lawful currency of the United Kingdom.
switch	the exchange of Shares of a particular Class for Shares in another Class within the same Fund or for Shares of any Class within a different Fund.
US or United States	the United States of America, its territories and possessions including the States and the District of Columbia.
US\$ or US Dollars	the lawful currency of the United States of America.
Valuation Point	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the Price at which Shares of a Class may be issued, cancelled, sold or redeemed.

1. THE COMPANY

1.1 General Information

The Company is an open-ended investment company with variable capital, incorporated in England under the OEIC Regulations, and is an umbrella company as defined in the OEIC Regulations. It is governed by the Regulations and its Instrument of Incorporation. The registered number of the Company is IC001063 and its FCA Product Reference Number is 743815.

The Company is a collective investment scheme as defined in the Act. It is authorised and regulated by the FCA. The Company is a qualified investor scheme for the purposes of the Regulations. Shareholders are entitled to switch rights in one Fund for rights in another in accordance with the Instrument of Incorporation.

The Company was authorised by the FCA on 10 May 2016 and its Instrument of Incorporation was registered with the Registrar of Companies on the same date. The Company has an unlimited duration.

The Company is an AIF for the purpose of FUND and the AIFMD Rules.

The object of the Company is to invest the Scheme Property in derivative instruments, forward transactions, transferable securities, money market instruments, deposits and units in collective investment schemes in accordance with the Regulations applicable to the Company and each Fund according to the type of authorisation of the Company with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property.

The Shareholders are not liable for the debts of the Company.

The address of the head office of the Company is Orton, Moray IV32 7QE. This is also the address where notices, or other documents, can be served on the Company.

The maximum size of the Company's issued share capital is £100 billion. The minimum size of the Company's issued share capital is £1,000.

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

The base currency of the Company and of each Fund is pounds Sterling.

The sole director of the Company is Valu-Trac Investment Management Limited, which acts as the authorised corporate director.

1.2 The Structure of the Company

The Company is structured as an umbrella company for the purposes of OEIC Regulations, in that different Funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. Each Fund would be a qualified investor scheme if it had a separate authorisation order. On the

introduction of any new Fund, a revised prospectus will be prepared, setting out the details of such Fund.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the Regulations and the investment objective and policy of the relevant Fund. Details of the Funds, including their investment objectives and policies, are set out in Appendix A.

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

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose. While the provisions of the OEIC Regulations provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Unless Appendix A stipulates otherwise in respect of a Fund, the liabilities, expenses, costs and charges of the Company attributable to that Fund (including any fee payable to the ACD), will be charged against the income of such Fund. Where charges are made to the income of a Fund, but insufficient income is available to meet those charges, the ACD and Depositary have agreed that all or part of the charges may be treated as a capital expense of the Fund. **Any charge against the capital of a Fund may result in capital erosion or constrain capital growth.**

Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders of the Company generally, but they will normally be allocated to all Funds pro rata to the Net Asset Value of the relevant Funds.

1.3 Shares

Shares of different Classes may from time to time be issued in respect of a Fund, and the ACD may from time to time create additional Classes in respect of a Fund. The differences between Classes may be the minimum subscription, the minimum holding, the charges to be borne and/or the Class Currency, as detailed in Appendix A. In most cases either distributing Shares or accumulation Shares are offered. Shares may be further classified as Class A, Class B, Class C or Class D shares. The Classes currently available in each Fund are set out in Appendix A.

Further Classes of Shares 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 Class, a revised prospectus will be prepared, setting out the details of each Class.

Where a Fund has different Classes, each Class may attract different fees, charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, such as (in the case of the second or further Class of Shares in a Fund) restricted access, at the discretion of the ACD.

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares within a different Fund. Details of this switching facility and the restrictions are set out in Section 4 of this Prospectus.

Classes of Shares

Distributing Shares

Holders of distributing Shares are paid the income attributable to such Shares at the end of the relevant distribution period.

Accumulation Shares

Holders of accumulation Shares are not paid the income or gains attributable to such Shares, but the income are automatically transferred to (and retained as part of) the capital assets of the relevant Fund at the end of the relevant distribution period and are reflected in the price of the Shares.

Larger and Smaller Denomination Shares

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

If a Shareholder, at any time, has title to more than 1,000 of the smaller denomination Shares of any one Class, then sufficient smaller denomination Shares of that Class will be consolidated into larger denomination Shares of the same Class, in a ratio of 1,000 smaller denomination Shares to one larger denomination Share, so that he has title to less than 1,000 smaller denomination Shares of that Class.

The ACD may at any time for the purpose of effecting a transaction with a Shareholder in Shares, substitute that Shareholder's entitlement to one or more larger

denomination Shares into an entitlement to smaller denomination Shares of the same Class, in a ratio of one larger denomination Share to 1,000 smaller denomination Shares.

Registered Shares

All Shares are in registered form. Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry in the Company's register of Shareholders. No bearer Shares may be issued by the Company.

1.4 Investment Objective and Policy

Investment of the assets of each of the Funds must comply with the Regulations and the investment objectives and policy of the relevant Funds as set out in Appendix A. The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix E. A detailed statement of the general investment and borrowing restrictions applicable to the Funds is set out in Appendix D of this Prospectus.

1.5 Use of Derivatives

Unless otherwise stated in Appendix A in respect of a Fund, each Fund may utilise derivatives for the purpose of meeting its investment objectives and for efficient portfolio management purposes (i.e. the Fund may utilise derivatives that are economically appropriate in that they are realised in a cost effective way and that are entered into with the aim of reducing risks or costs to the Fund or of generating additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL), including for hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions detailed in Appendix B of this Prospectus. The Company may use various types of derivatives for these purposes, including, without limitation, forwards, futures, options, swaps (including but not limited to interest rates swaps) and contracts for differences.

A forward contract is an agreement between two parties to buy or sell an asset (which can be of any kind) at a pre-agreed future point in time. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. Contracts for differences are futures or options contracts which are settled through cash payments, rather than the physical delivery of the underlying assets or securities. Interest rate swaps enable the Company to switch floating-rate liabilities for fixed-rate liabilities or vice versa. These liabilities may be in either the same or in a different currency than the one for which they are being exchanged.

The ACD employs a risk management process in respect of the Company which enables it accurately to measure, monitor and manage the various risks associated with derivatives and a statement of this risk management process has been submitted to the FCA.

As a Fund may enter into derivatives using only a fraction or none of the assets that would be needed to purchase the relevant securities directly, the remainder of the

Fund's assets may be invested in other types of securities. The ACD may therefore seek to achieve greater returns by purchasing derivatives and investing a Fund's remaining assets in other types of securities.

Derivatives may also be used by a Fund for hedging purposes to the extent permitted by its investment policy. Hedging is a technique by which a Fund will seek to minimise an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will be structured with the intention of not materially exceeding the value of the assets that they seek to offset. While the ACD (or its agents) may (to the extent permitted by the investment policy of the relevant Fund) attempt to hedge exposure to assets held, there can be no guarantee that they will be successful in doing so.

The cost and related liabilities and/or benefits of any use of derivatives conducted in respect of a Fund will be for the account of that Fund and, consequently, for the account of holders of all Share Classes of that Fund. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share of all Share Classes of that Fund.

To the extent that a Fund uses derivatives, there may be a risk that the volatility of that Fund's Net Asset Value may increase and investors should refer to the "*Risk Warnings*" section of this Prospectus (section 12) for further information in relation to the risks associated with the use of derivatives.

1.6 Typical Investor

A typical investor in the Company will be a sophisticated, professional or institutional investor who understands the risks involved in investing in Shares and the associated risks which are set out in Section 12 of this Prospectus and who has at least a five year investment horizon. An investor must be an Eligible Investor, further details of which are set out in paragraph 2.8.

1.7 Periodic Reporting

The ACD will send a monthly statement to each person who holds Shares or has held Shares since the previous statement. Where Shares are jointly held, statements may be sent to the first named Shareholder only at the discretion of the ACD. The statement will describe current holding(s) of Shares at the date of the statement and any transactions in Shares since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

1.8 Historical Performance Data

As none of the Funds have been launched for a full year no historical performance data in relation to either of these Funds is available. Historical Performance Data, when available, will be set out in Appendix C.

2. THE SERVICE PROVIDERS

2.1 The Authorised Corporate Director

The Authorised Corporate Director of the Company is Valu-Trac Investment Management Limited which is a private company limited by shares incorporated in England and Wales under the Companies Acts. The ACD was incorporated on 3rd October 1989. The ultimate holding company of the Manager is Valu-Trac Limited, a company incorporated in Bermuda.

The ACD is responsible for managing and administering the affairs of the Company in compliance with the Regulations. The ACD is also the AIFM for the purpose of AIFMD Rules. The ACD is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The ACD's registered office is at:

Level 4, Dashwood House, 69 Old Broad Street, London EC2M 1QS

and its head office is at:

Orton, Moray, IV32 7QE

The ACD has an issued and paid up share capital of £3,398,295 ordinary shares of £1 each issued and paid up.

The directors of the ACD and their significant business activities not connected with the business of the ACD are as set out in Appendix F.

Valu-Trac Investment Management Limited also produces, distributes and approves marketing material for the Funds.

Terms of Appointment

The ACD was appointed from the effective date of the authorisation order made by the FCA in respect of the Company pursuant to an agreement between the Company and the ACD (the "**ACD Agreement**").

The ACD Agreement provides that the appointment of the ACD may be terminated upon 6 months' written notice by the Company or at any time by notice in writing by the ACD provided that such notice shall not take effect until the appointment of a successor authorised corporate director. In certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the Depositary or the Company to the ACD. Termination cannot take effect until the change of ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of (among other things) its fraud, negligence, bad faith, breach of duty, breach of contract or breach of trust in the performance of its duties and obligations.

Under the ACD Agreement, the ACD is entitled to delegate all of its functions to third parties, including without limitation, its investment management, administration and registrar functions. It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of certain of the Fund (as further explained in paragraph 2.4 below). In accordance with COLL, the ACD may terminate these delegation arrangements at any time with immediate effect where it is in the interests of the Shareholders to do so.

The ACD may not deal as principal with applications to purchase and redeem shares and will not operate a box. Accordingly, the ACD will deal with applications to purchase and redeem shares only as agent of the Company and will account to the Company for any profit it makes on the issue or re-issue of shares or the cancellation of shares which it has redeemed.

The fees, charges and other consideration to which the ACD is entitled under the ACD Agreement are set out in Section 5.2.

2.2 The Depositary

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

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is The Royal Bank of Scotland 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. Subject to the Regulations, the Depositary is responsible for the safekeeping of all the Scheme Property (other than tangible moveable property) of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and the provisions of the COLL Sourcebook relating to the income and the investment and borrowing powers of the Funds.

The appointment of the Depositary has been made under an agreement between the Company, the ACD and the Depositary, (the "Depositary Agreement").

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary.

The Depositary Agreement may be terminated by either party on not less than three months written notice provided that the Depositary may not retire voluntarily except under appointment of a new depositary.

The terms of the Depositary Agreement between the Company, the ACD and the Depositary provide that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the Regulations, which include the taking of reasonable care to ensure that the Company is managed in

accordance with those parts of the Regulations that concern pricing and dealing in shares of the Company, income and compliance of the Company with its investment and borrowing powers. Under the Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation. The Depositary has delegated custody, under a custody agreement, to RBC Investor Services Trust (UK Branch), whose contact details are set out in the Directory.

The Depositary will not be held liable for any loss incurred by it, or through any of its agents in carrying out its obligations or functions, unless such loss arises from its negligence, fraud or wilful default.

The Depositary Agreement provides indemnities to the Depositary to the extent allowed by the Regulations and except in respect of its failure to exercise due care and diligence or in the event of its negligence, fraud or wilful default.

The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as explained in Section 5.4 below. The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

2.3 The Administrator and Registrar

The ACD also acts as the Administrator and the Registrar to the Company under the terms of the ACD Agreement.

2.4 The Investment Manager

The ACD has appointed Oxeye Capital Management Limited, further details of which are, listed in The Directory to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the FCA.

The principal activity of the Investment Manager is the provision of investment management and advisory services.

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment advice to attain the investment objectives of the Fund, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the relevant Scheme Property including authority to place purchase orders and sale orders. Subject to the agreement of the ACD, the Investment Manager may appoint sub-investment advisers to discharge some or all of these duties. The Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Funds as explained in Section 5.5 below.

2.5 The Auditor

The auditor to the Company is Johnston Carmichael LLP, Commerce House, South Street, Elgin IV30 1JE..

2.6 Register of Shareholders

The Register of Shareholders is maintained by the ACD at its office at Orton, Moray IV32 7QE and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

2.7 Conflicts of Interest

A description of certain conflicts of interests or potential conflicts of interest, and the steps taken to manage them, is set out in section 11.

2.8 Eligible Investors

The Fund is a qualified investor scheme which is an authorised collective investment scheme for the purposes of FSMA which is authorised and regulated by the FCA under the OEIC Regulations.

Only investors who are classified as Eligible Investors under the Regulations may invest in the Fund. Any person who is unsure whether he or she qualifies as an Eligible Investor should contact the ACD.

Should it come to the attention of the ACD that Shares are owned by a Shareholder who fails to meet the eligibility criteria to be an Eligible Investor, or if it reasonably believes this to be the case, the ACD may give notice in writing to that Shareholder that he or she must transfer the Shares which he or she holds to a person that is an Eligible Investor or the Shares must be redeemed or cancelled in accordance with this Prospectus and COLL (including the mandatory redemption and cancellation provisions in section 12 of this Prospectus entitled "Other Dealing Information"). The ACD may, at its discretion and as permitted by the Regulations, delegate this function to the Investment Manager.

A Shareholder which becomes aware that he or she is no longer eligible to hold Shares because he or she has ceased to be an Eligible Investor must forthwith provide the ACD with transfer instructions or request redemption or cancellation of the Shares which it holds.

3. VALUATIONS AND PRICING

3.1 Valuations

The price of a Share in the Company is calculated by reference to the Net Asset Value (or the relevant proportion of the Net Asset Value) of the Fund to which it related. The Net Asset Value per Share of a Fund is currently calculated at 4.30 pm (London time)(this being a 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 Fund and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

A request for purchase of Shares must be received by the Valuation Point not less than five (5) Business Days prior to a 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.

A request for redemption of Shares must be received by the Valuation Point not less than thirty (30) Business Days prior to a 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.

Further details on Dealing in the Shares is set out in paragraph 4.

The value of the Scheme Property of the Company or Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
 - (a) units or shares in a collective investment scheme:
 - (i) if a single price for buying and selling units or shares is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

- (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
 - (b) exchange-traded derivative contracts:
 - (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices;
 - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
 - (d) any other investment:
 - (i) if a single price for buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
 - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and
 - (e) property other than that described in (a), (b), (c) and (d) above shall be valued at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
 4. In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
 5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.

6. Futures or contracts for difference which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
8. An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax shall be deducted.
9. An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day shall be deducted.
10. The principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings shall be deducted.
11. The total amount of any cost relating to the authorisation and incorporation of the Company or Fund and of its initial offer or issue of Shares shall be deducted.
12. An estimated amount for accrued claims for tax of whatever nature which may be recoverable shall be added.
13. Any other credits or amounts due to be paid into the Scheme Property shall be added.
14. A sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received shall be added.
15. Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
16. Any assets, liabilities, expenses, costs or charges not attributable to one Fund only, and allocated in accordance with the Regulations, may be reallocated by the ACD provided that such reallocation shall be done in a manner which is fair to the Shareholders of the Company generally.

3.2 Price of Shares

Price per Share

Shares are "single priced". This means that (subject to any preliminary charge, any switching charge, any redemption charge, any SDRT provision and/or any dilution levy (see section 4 of this Prospectus)) the price of a Share of the relevant class for both buying and selling purposes will be the same and determined by reference to a particular Valuation Point. The price of a Share is calculated at or about the Valuation Point on each Dealing Day (to at least four significant figures) by:

- (i) taking the value of the Scheme Property attributable to the relevant Fund and therefore all Shares (of the relevant Class) in issue (on the basis of the units of entitlement in the Scheme Property of the Company attributable to that Class at the most recent valuation of the Company); and
- (ii) dividing the result by the number of Shares (of the relevant Class) in issue immediately before the valuation concerned.

Pricing Basis

The Company deals on a forward pricing basis only. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

Publication of Prices

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.

The most recent price of Shares will be published on the Investment Association's website and may also be obtained by calling the ACD on 01343 880 344. For reasons beyond the control of the ACD, a published price may not necessarily be the current price.

4. DEALING IN SHARES AND LIMITATIONS

The dealing office of the ACD is open from 9.00 a.m. until 5.00 p.m. on each Business Day to receive requests for the issue, redemption and switching of Shares, which will be effected at the Price per Share determined at the next Valuation Point following receipt of such request. The Price per Share at which Shares are bought from and sold to the ACD is calculated as described in Section 3 of this Prospectus. Transactions will be effected only on Dealing Days.

Any preliminary charge, redemption charge, switching charge, dilution levy and/or Stamp Duty Reserve Tax (SDRT) provision is payable, as appropriate, in addition to the Price. Details of the charges applicable to any Class of Shares are provided in Appendix A.

4.1 **Buying Shares**

Shares can be bought by sending a completed application form to the ACD at Orton, Moray IV32 7QE or by electronic means acceptable to the ACD. Application forms can be obtained from the ACD at the above address. In accordance with HM Revenue & Customs requirements, investors wishing to purchase gross Shares must complete a Declaration of Eligibility and Undertaking, which may be obtained from the ACD using the above contact details. Any purchase request must be received no less than five (5) Business Days prior to the relevant Dealing Day.

Subject to its obligations under COLL, the ACD has the right to reject, on reasonable grounds, 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, by electronic transfer 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 in such circumstances. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Remittances should be in the Class Currency of the relevant Share Class.

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

Payment in full should be made no later than the fourth Business Day after the date of purchase, and the ACD reserves the right to require payment in advance.

The ACD may charge £50 each time a trade is not fulfilled on settlement date. The ACD reserves the right to apply interest charges at 2% above the Bank of England Base Rate on the value of any settlement received later than the settlement date. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of periodic distributions of income will show the number of Shares held by the recipient. Individual statements of a Shareholder's Shares will also be issued at any time on request by the registered holder.

The minimum subscription, holding and redemption requirements in relation to each Share Class are set out in Appendix A. However, the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum transaction sizes.

4.2 **Selling Shares**

Every Shareholder has the right to require that the Company redeem his Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum (as set out in Appendix A), in which case the Shareholder may be required to redeem his entire holding. The ACD also reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than the minimum redemption amount set out in Appendix A or on any other reasonable grounds.

Requests to redeem Shares may be made to the ACD in writing to the ACD at Orton, Moray IV32 7QE or by electronic means acceptable to the ACD. Any redemption request must be received no less than thirty (30) Business Days prior to the relevant Dealing Day.

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

The ACD will instruct its bank to transfer the redemption monies to any relevant Shareholder within four Business Days of the later of (a) the Valuation Point following receipt by the ACD of the request to redeem and (b) completion of appropriate anti-money laundering verification procedures where the ACD considers this to be necessary.

4.3 Switching

A holder of Shares in a Fund may at any time switch all or some of his Shares in a Class or a Fund ("**Old Shares**") for Shares in another Class within the same Fund or for Shares in a Class within a different Fund ("**New Shares**"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the Valuation Point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching may be effected by instructing the ACD in writing at Orton, Moray IV32 7QE or by electronic means acceptable to the ACD. The relevant Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD by telephoning 01343 880 344. A switching Shareholder must be eligible to hold the Shares into which the switch is to be made. In accordance with HM Revenue & Customs requirements, investors wishing to purchase gross Shares must complete a Declaration of Eligibility and Undertaking, which may be obtained from the ACD using the above contact details.

Unless otherwise stated in Appendix A in respect of a Fund, there is no charge on any switch of Shares and no preliminary charge is payable in respect of the issue of New Shares as part of a switch.

If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on selling Shares shall apply equally to a switch. To be dealt with on a particular Dealing Day (and at the Prices prevailing at that time), a duly completed switching form must be received by the ACD by 12 noon (London Time) on that Dealing Day, or at such other time or date as may be approved by the ACD. Switching requests received after this cut-off time will be held over until the next day which is a Dealing Day in the relevant Fund or Funds.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to COLL.

Under current tax law, a switch of Shares between different Share Classes in the same Fund will not be deemed to be a realisation for the purposes of capital gains taxation. However, a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

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

4.4 Dealing Charges

Switching Charge

The Instrument of Incorporation authorises the ACD to impose a switching charge on the switching of Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares within a different Fund.

Unless otherwise stated in Appendix A in respect of a Fund, there is currently no switching charge on any switch of Shares and no preliminary charge is payable in respect of Shares that are acquired as part of a switch.

4.5 Other Dealing Information

Delivery versus Payment Exemption

The ACD will make use of the revised 'delivery versus payment' (DvP) exemption as set out in the FCA 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 a sub-fund 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 an investor within one business day of receipt from the Depositary.

Dilution Levy and Large Deals

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of Shares as stipulated in the Regulations and the Instrument of Incorporation is summarised in section 3. The actual cash flows from purchasing or selling the Company's investments may be higher or lower than the mid-market value used in calculating the Share price: for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of Shares. If charged, the dilution levy will be paid into the relevant Fund and will become part of the relevant Fund.

The dilution levy (if any) for each Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, commission and transfer taxes.

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

- (a) where a Fund is in continual decline;
- (b) on a Fund experiencing large levels of net sales or redemptions relative to its size;
- (c) on "large deals" (for these purposes, a large deal is defined as 10% of the size of the Fund); or
- (d) in any other case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

The ACD may alter its dilution policy either by Shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of Shareholders and by amending this Prospectus or by giving Shareholders notice and amending this Prospectus 60 days before the change to the dilution policy is to take effect.

It is not possible to predict accurately whether dilution would occur at any point in time. The level of dilution is not fixed and may change from time to time to reflect the underlying market conditions and the composition of the portfolio. If a dilution levy is required then, based on future projections, the estimated rate or amount of such levy will be 0.5%.

However, the ACD does not expect to charge a dilution levy frequently. The ACD will charge no dilution levy on the purchase of shares for any new Fund within the first twelve months of its launch. In addition, the ACD will charge no dilution levy

on the purchase of Shares in any Funds where the value of Shares purchased is less than £15,000.

On the occasions that the dilution levy is not applied, there may be an adverse impact on the total assets of the relevant Fund which may otherwise constrain the future growth of that Fund. It should be noted that, as dilution is directly related to the inflows and outflows of monies from the Company, it is not possible to predict accurately the exact amount of such a charge in advance on a particular transaction.

SDRT Provision

Details of Stamp Duty Reserve Tax liabilities (if any) arising in relation to the redemption and transfer of shares are set out in Section 14.3.

Money Laundering

Under legislation to prevent money laundering in the United Kingdom, persons conducting investment business are responsible for compliance with money laundering regulations. Investors may be asked to provide proof of identity when buying, acquiring, redeeming or switching Shares, and, in certain circumstances, it may be necessary for the ACD to re-verify an investor's identity and obtain any missing or additional information for this purpose. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, to register a transfer of Shares, to pay the proceeds of sale of Shares or to switch Shares. The ACD will not be liable for any share price movements occurring during delays while money laundering checks are carried out.

Restrictions and Compulsory Transfer and Redemption

The ACD may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no Shares are acquired or held by any person in circumstances ("**relevant circumstances**"):

- (a) which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory;
- (b) which would (or would if other shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) if an investor is not, or ceases to be, an Eligible Investor,

and, in this connection, the ACD may, inter alia, reject at its discretion any application for the subscription for or sale, transfer or exchange of Shares.

If it comes to the notice of the ACD that any Shares ("**affected Shares**") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to in the previous paragraph or if it reasonably

believes this to be the case the ACD may give notice to the holder of the affected Shares requiring the holder to transfer such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption or cancellation of such Shares in accordance with the Regulations. If any person upon whom such a notice is served pursuant to this section does not within thirty days after the date of such notice transfer his shares to a person qualified to hold the same, or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected Shares are qualified and entitled to hold the Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the affected Shares pursuant to the Regulations.

A person who becomes aware that he has acquired or holds Shares whether beneficially or otherwise ("**affected Shares**") in any of the relevant circumstances referred to above shall forthwith, unless he has already received a notice pursuant to the previous paragraph either transfer or procure the transfer of all the affected Shares to a person qualified to own the same or give a request in writing or procure that a request is so given for the redemption or cancellation of all the affected Shares pursuant to the Regulations.

Restrictions Applying to US Persons

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

The Company has not been and will not be registered in the United States of America under any applicable legislation.

'In Specie' Redemptions

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, where it considers the deal to be substantial in relation to the total size of the Company, arrange that in place of payment of the price of the Shares in cash, the Company cancels the Shares and transfers Scheme Property or, if required by the Shareholder, the net proceeds of sale of relevant Scheme Property, to the Shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the Scheme Property or the proceeds of sale of Scheme Property will be transferred to that Shareholder.

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

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 money, but will only do so where the Depositary is satisfied that the acquisition by the Company of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential 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 any Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the Company.

Suspension of Dealings in the Company

The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, in accordance with the provisions of COLL, suspend the issue, cancellation, sale and redemption of Shares if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders. The ACD and the Depositary will ensure that any suspension is only allowed to continue for so long as it is justified having regard to the interests of the Shareholders.

The ACD (or the Depositary, if it has required the ACD to suspend dealings in the Shares) will immediately inform the FCA, stating the reason for the suspension. Shareholders of the Fund(s) affected by the suspension will be notified of the suspension as soon as practicable after the suspension commences. Details of any suspension, including sufficient details to keep Shareholders appropriately informed about the suspension and (if known) its likely duration, will be published on the ACD's website (www.valu-trac.com) or by other general means.

The ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the results of this review and of any proposed recommencement of dealings.

Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

Deferred Redemption of Shares Regulations

If requested redemptions of Shares on a particular Dealing Day exceed 10% of a Fund's value, redemptions of Shares of that Fund may be deferred to the next Valuation Point. Any such deferral would only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem Shares at the Valuation Point at which redemptions were deferred, and so that all deals relating to the earlier Valuation Point were completed before those relating to a later Valuation Point were considered. The intention of the deferred redemption power is to reduce the impact of dilution on the Scheme Property. In times of high levels of redemption, deferred redemption provisions would enable the ACD to protect the

interests of continuing Shareholders by allowing it to match the sale of property of a Fund to the level of redemptions of Shares in that Fund.

Governing Law

All deals in Shares are governed by English law. The Company itself is constituted under English law.

5. FEES, CHARGES AND EXPENSES

5.1 General

At the ACD's discretion the Company or, as applicable, each Fund may pay out of the property of the Company or the Fund (as the case may be) any fees, charges and expenses incurred by the Company or the relevant Fund, which will include the following:

- (a) the fees, charges and expenses payable to the ACD (which will include the annual management charge) the Investment Manager and the Depositary;
- (b) the fees, charges and expenses payable to the Administrator (if any) and to the Depositary;
- (c) broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Company (or Funds) and normally shown on contract notes, confirmation notes and difference accounts as appropriate;
- (d) interest on and other charges relating to permitted borrowings;
- (e) any costs incurred in acquiring and disposing of investments;
- (f) any costs incurred in amending the Instrument of Incorporation including the removal of obsolete provisions;
- (g) any costs incurred in respect of any meeting of Shareholders convened on a requisition by holders not including the ACD or an associate of the ACD;
- (h) any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company or a Fund in consideration for the issue of shares in the Company or a Fund to shareholders in that body corporate or to participation in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that 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 the transfer;
- (i) any audit fee and any proper expenses of the Auditor;

- (j) any fee and any proper expenses of any professional advisers retained by the Company or by the ACD or the Investment Manager in relation to the Company or any Fund;
- (k) expenses properly incurred by the ACD in the performance of its duties as ACD of the Company, including without limitation any costs incurred in preparing, translating, producing (including printing), distributing and modifying, any instrument of incorporation any prospectus or key information document (apart from the costs of distributing the key investor information document), or reports, accounts, statements, contract notes and other like documentation or any other relevant documentation required under the Regulations;
- (l) any costs of printing and distributing annual and half yearly reports and any prospectus, including the costs incurred as a result of periodic updates of any prospectus, and other reports provided for Shareholders;
- (m) any costs of listing the prices of Shares in publication and information services selected by the ACD;
- (n) any costs of establishing and authorising the Company and costs of authorising new Funds of the Company after its initial establishment;
- (o) any fees and expenses in respect of establishing and maintaining the Register of Shareholders and any sub-register of shareholders;
- (p) any costs incurred in producing and despatching any payment made by the Company or a Fund;
- (q) any costs incurred in taking out and maintaining an insurance policy in relation to the Company or a Fund;
- (r) the periodic fees of the FCA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which the Shares in the Company or a Fund are or may be marketed;
- (s) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company or a Fund;
- (t) any costs associated with the admission of Shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the shares and the periodic renewal of that listing), any offer of Shares, including the preparation and printing of any prospectus and the creation, conversion and cancellation of shares associated with such prospectus;
- (u) any expense incurred with respect to the publication and circulation of details of the Net Asset Value of the Company or a Fund;

- (v) any amount payable by the Company or a Fund under any indemnity provisions provided for in the Instrument of Incorporation or any agreement to which the Company is party;
- (w) any costs associated with the authorisation of the Company or any Funds in other jurisdictions;
- (x) taxation and other duties payable by the Company or a Fund;
- (y) costs and expenses incurred in respect of monitoring the use of derivatives by the Funds; and
- (z) any other fees, charges or expenses that may be payable by the Company or a Fund in accordance with COLL, including such other fees, charges and expenses as the ACD resolves are properly payable out of the property of the Company or a Fund, as the case may be.

Value Added Tax on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company or a Fund, as the case may be.

Unless Appendix A stipulates otherwise in respect of a Fund, the liabilities, expenses, costs and charges of the Company attributable to such Fund (including any fee payable to the ACD) will be charged against the income of such Fund. Where charges are made to the income of a Fund, but insufficient income is available to meet those charges, the ACD and Depositary have agreed that all or part of the charges may be treated as a capital expense of the Fund. Any charge against the capital of a Fund may result in capital erosion or constrain capital growth.

It is not currently proposed to seek a listing for the Shares on any stock exchange but, if a listing is sought in the future, the fees connected with the listing will be payable by the Company, or the relevant Fund.

5.2 ACD's Fees, Charges and Expenses

In payment for carrying out its duties and responsibilities the ACD is entitled to be paid for its own account a periodic fee payable from the Scheme Property attributable to each Fund. The fee will accrue on a daily basis and is payable monthly in arrears within seven days of the last Business Day of each month. The fee is calculated by reference to the value of the Funds on the last business day of the preceding month except for the first accrual, which is calculated by reference to the first Valuation Point of the Funds. This fee is generally referred to as the annual management charge.

The current annual management charges for each Fund are set out in Appendix A. The fees payable to the Investment Manager are payable by the ACD out of its own fee income.

The ACD is also entitled to be reimbursed all reasonable out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in Shares and any costs incurred in pursuing a class

action litigation in respect of securities which are or were part of the Scheme Property.

The annual management charge for each Fund will be charged against the income of such Fund unless otherwise stated in Appendix A.

The ACD may make a preliminary charge on the sale or issue of Shares. The level of any such preliminary charge (if any) varies for different Classes and Funds, and is expressed as a percentage of the Net Asset Value of the Shares being acquired.

The ACD may also make a charge on the switching of Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares within a different Fund. Again, the level of this charge (if any) varies for different Classes and Funds, and is expressed as a percentage of the Net Asset Value of the Shares being acquired.

Details of the current preliminary charges for each Class and Funds are given in Appendix A. Unless otherwise stated in Appendix A in respect of a Fund, there is no charge currently payable in respect of any switch of Shares and no preliminary charge is payable in respect of the issue of New Shares as part of a switch.

The Instrument of Incorporation of the Company authorises the ACD to make a charge on the redemption of Shares. However, unless otherwise stated in Appendix A, no redemption charge is levied on Shares of any Class at present. Any redemption charge introduced will apply only to Shares of that Class sold since its introduction.

The ACD may introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the Scheme Property of the Fund or introduce or increase the amount of any dealing charge, in each case in accordance with COLL.

5.3 Performance Fee

Details of performance fees payable are set out in Appendix B.

5.4 Depositary's Fees, Charges and Expenses

The Depositary receives for its own account a periodic fee which will accrue and is due monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within seven days after the last business day in each month. In respect of each calendar month, the Depositary fee is calculated by reference to the Net Asset Value of the Company on the last Business Day of such calendar month.

The rate of the periodic fee shall be as agreed between the ACD and the Depositary from time to time and is currently based on the value of each Fund:

- Up to £100million – 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 amended from time to time by agreement of the ACD and the Depositary in accordance with the Regulations.

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:

<i>Item</i>	<i>Range</i>
Transaction charges	£0 - £40
Custody charges	0.0% to 0.12%

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

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

Where relevant, the Depositary may 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 Regulations.

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

On a winding up, redemption or termination of the Company, 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.

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

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 Regulations.

5.5 Investment Manager's Fee

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the ACD from its annual management charge. In the event that a performance fee is payable to the ACD to the Investment Manager, this will be paid from the performance fee payable to the ACD as set out in Appendix B.

The Investment Manager is also entitled to be repaid out of the assets of each Fund, all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as provided in the investment management agreement it has with the ACD.

5.6 Allocation of Fees, Charges and Expenses between Funds

All the fees, charges and expenses described in this Section 5 (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred but where any fee, charge or expense is not considered to be attributable to any one Fund, it will normally be allocated to all Funds pro rata to the Net Asset Value of the Funds, although the ACD has discretion to allocate it in a manner which it considers fair to Shareholders generally.

6. DETERMINATION AND DISTRIBUTION OF INCOME

6.1 Accounting Periods

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

6.2 Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period. Unless otherwise stated in Appendix A in respect of a Fund, each Fund will have an annual income allocation date of 16 May.

Allocation of income to holders of accumulation Shares be issued will be transferred to the capital property of the relevant Fund at the end of the income allocation period and be reflected in the value of the relevant Shares on the first Dealing Day following the end of that income allocation period.

The amount available for allocation in an accounting period is calculated by:

- (a) taking the aggregate of the income received or receivable for the account of the relevant Fund for that period;
- (b) deducting the fees, charges and expenses of the Fund paid or payable out of income for that accounting period; and
- (c) making such adjustments as the ACD considers appropriate (and after consulting the Auditor as appropriate) in relation to tax and certain other issues such as 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 amortisation.

Where a Fund has more than one Class of Shares in issue, allocations of income are made in accordance with the proportionate interests of the Classes within the Fund, subject to the making of such adjustments as may be required to reflect differences in the fees, charges and/or expenses of the Fund which are attributable to different Classes of Shares.

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

Notwithstanding the above, income on debt securities, such as bonds and other fixed interest securities, is accounted for on an effective yield basis. The effective yield basis treats any projected capital gain or loss on a debt security (when compared to its maturity of par value) as income and this, together with any future expected income streams on the debt security, is written off over the life of that security and discounted back to its present value and included in the calculation of income for accounting purposes.

6.3 **Income Equalisation**

Equalisation will be applied to each of the Funds. An allocation of income (whether annual or interim) to be made in respect of each Share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("**income equalisation**") representing the ACD's best estimate of the amount of income included in the price of that Share. Further details of which are set out in Appendix B.

The amount of income equalisation in respect of any Share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of Shares in that Class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those Shares and applying the resultant average to each of the Shares in question.

The performance related fee attributable to the Shares of each class results in each Share being charged a fee which equates with that Share's performance. Details of which are set out in Appendix B.

6.4 **Annual and Half-Yearly Reports**

The ACD will publish in respect of the Company an annual report within four months after the end of each annual accounting period and a half-yearly report within two months after the end of each interim accounting period. Copies of these reports may be inspected at the ACD's and the Depositary's office during normal office hours. Shareholders may also obtain copies of these reports free of charge from the ACD.

The ACD will publish in respect of each Fund an annual report and a half-yearly report. These will be sent to all the Shareholders invested in such Funds within four months after the end of each annual accounting period and within two months after the end of each interim accounting period respectively.

7. SHAREHOLDERS' VOTING RIGHTS

7.1 Calling of General Meetings

The ACD may convene 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 of the Company 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.

7.2 Notice and Quorum

Shareholders will receive at least 14 days' notice of a Shareholders' 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. If a quorum is not present after a reasonable time from the time of any adjourned meeting, the quorum for an adjourned meeting is one Shareholder present in person or by proxy. Notices of the meetings and adjourned meetings will be sent to the Shareholders at their registered address.

7.3 Voting Rights

At a meeting of Shareholders, 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(s) of all the Shares in issue at the date seven days before the notice of meeting was sent out.

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.

Except where COLL or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes validly cast at the meeting to be in favour if the resolution is to be passed), any resolution required by COLL 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 COLL) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or an 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.

"Shareholders" in this context means Shareholders on the date seven days before the notice of the relevant meeting was sent out but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

7.4 Fund and Class Meetings

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

7.5 Annual General Meeting

The Company has elected not to hold an annual general meeting in each year.

8. RISK PROFILE MANAGEMENT

8.1 The ACD, in consultation with the Investment Manager, has adopted a risk management process in respect of the Company. This process involves regular review of the performance of the Funds against agreed benchmarks.

8.2 The ACD operates a liquidity risk management policy with a view to ensuring that unitholders are able to realise their Shares in accordance with this Prospectus and the requirements of the Regulations. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.

8.3 Liquidity risk is the risk that a Fund is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Fund's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each Fund. Cash positions are monitored and reported to ensure that the Fund has sufficient capacity to meet obligations arising from any derivative positions.

8.4 Stress tests on the portfolio are undertaken on a periodic basis; the frequency is dependent on a number of factors – portfolio composition, liquidity, etc.

9. FAIR TREATMENT OF INVESTORS

9.1 The ACD ensures fair treatment of investors by its compliance with the applicable rules in the FCA Rules.

- 9.2 The ACD is required, under the Regulations, to treat its customers fairly, when they become, remain or as they cease to be Shareholders. The ACD complies with the Regulations, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.
- 9.3 The ACD and the Investment Manager may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain share classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the ACD or the Investment Manager. If such rights are granted, this would typically be to investors who invest significant amounts in the Company. Such investors would not typically be legally or economically linked to the ACD.
- 9.4 Any Shareholder may be granted preferential treatment in relation to the terms of its investment in the Company by the ACD, the Investment Manager and/or any other service provider to the Company.

10. LEGAL IMPLICATIONS

The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:

- 10.1 By investing in the Company through Electronic Communications or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the ACD, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Shares.
- 10.2 The provisions of the scheme documents made between the ACD and the Depositary by way of which the Company is constituted, as the same may be amended from time to time are binding on each of the Shareholders (who are taken to have notice of them) as if that Shareholder was a party to it with effect on and from the date that any person has become a Shareholder.
- 10.3 The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales.
- 10.4 The scheme documents may be amended by agreement between the ACD and the Depositary.
- 10.5 Absent a direct contractual relationship between a Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself or the ACD acting on behalf of the Company, as the case may be.

11. CONFLICTS OF INTEREST

- 11.1 The ACD, the Investment Manager and the Depositary are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company.
- 11.2 In particular, subject to compliance with COLL, the ACD and/or the Investment Manager and any other companies within the ACD/Investment Manager's group may, from time to time, act as investment managers or advisers to other funds, which follow similar investment objectives to those of the Company. In addition, the Company may enter into transactions at arm's length with any companies in the same group as the ACD. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company. Each of the ACD and Investment Manager will, however, have regard in such event to their obligations under the ACD Agreement and Investment Management Agreement respectively and, in particular, to their obligation to act in the best interests of the Funds so far as practicable, having regard to their obligations to other clients when undertaking any investment where potential conflicts of interest may arise.
- 11.3 The ACD is entitled at its own discretion to determine the terms of its appointment as such, and consequently amend the terms of the ACD Agreement referred to in paragraph 2.1 above. The Depositary, the ACD, or any investment manager or any associate of any of them will not be liable to account to the Company or any other person, including the Shareholders or any of them, for any profit or benefit made or derived from or in connection with:
- (a) their acting as agent for the Company in the sale or purchase of property to or from the Funds; or
 - (b) their part in any transaction or the supply of services permitted by COLL; or
 - (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.
- 11.4 The Depositary may, from time to time, act as depositary of other companies or funds.
- 11.5 At the request of the ACD, the Depositary or any associate of the Depositary may (subject to COLL) hold money on deposit from, lend money to, or engage in stock lending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.
- 11.6 Investors should note that the Depositary may from time to time provide the Company with a lending facility in accordance with the Regulations.
- 11.7 The ACD, the Investment Manager, the Registrar, the Administrator, the managers of funds in which the Funds invest ("fund managers") and their respective service providers may be connected parties. The affiliations and

relationships mentioned above may affect independent and unbiased judgements.

- 11.8 The Investment Manager may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the funds and fund managers; they may also utilise the same or similar strategies as those adopted by the fund managers. The Investment Manager may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Manager may make investments in other funds managed or advised by it.
- 11.9 The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy.
- 11.10 COLL contains provisions on conflict of interest governing any transaction concerning the Company which is carried out by or with any "affected person", which means the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary, an associate of the Depositary, any Investment Manager and any associate of any Investment Manager.

These provisions, among other things, enable an affected person: (a) to sell or deal in the sale of property to the Company or the Depositary for the account of the Company; (b) vest property in the Company or the Depositary against the issue of Shares in the Company; (c) purchase property from the Company (or the Depositary) acting for the account of the Company; (d) enter into a stock lending transaction in relation to the Company; or (e) provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in COLL. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

- 11.11 Investment of the property of the Company may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD. Neither the ACD nor any such affected person will be liable to account to the Company or to the Shareholders for any profit made or derived out of such dealings.
- 11.12 The ACD and Investment Manager have identified that an affected person, in relation to the Investment Manager may receive commissions to which it or he is contractually entitled in relation to any sale or purchase of any investments of the Company or a Fund effected by the Investment Manager for the account of the Company or a Fund. The affected person is not in a position to make decisions in relation to the sale or purchase of such investments. The ACD and the Investment Manager, after consultation with the Depositary, have concluded that such commissions may be received

provided that in each case the terms of any relevant transaction are no less beneficial to the Company or Fund than a transaction involving a disinterested party, and that any commission received is in accordance with market practice and the FCA Rules.

12. RECOGNITION AND ENFORCEMENT OF JUDGMENTS

12.1 The AIFMD Rules require the ACD to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the territory in which the Company is established). A number of legal instruments provide for the recognition and enforcement in England and Wales of judgments given in other states. It would be impractical to provide an exhaustive list. The principal instruments are:

12.1.1 Council Regulation (EC 44/2001) of 22 December 2000 (“the Brussels Regulation”), which deals with the recognition and enforcement in England and Wales of judgments given by the courts of most EU members states in civil and commercial matters.

12.1.2 Regulation of the European Parliament and of the Council (EC 805/2004) of 21 April 2004, which creates a European Enforcement Order for uncontested claims and introduces a simplified procedure for the enforcement in England and Wales of judgments of the courts of most EU member states in such claims.

12.1.3 The Civil Jurisdiction and Judgments Act 1982, implementing the terms of the Brussels Convention of 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (the provisions of which have been largely superseded by the Brussels Regulation) and the Lugano Convention of 1988 (including the Protocols annexed to that Convention), which provides for recognition and enforcement of such judgments between England and Wales and certain other European jurisdictions. This legislation also governs the arrangements for recognition and enforcement as between the jurisdictions of England and Wales, Scotland, and Northern Ireland.

12.1.4 The Administration of Justice Act 1920, which enables certain judgments of superior courts in parts of Her Majesty’s dominions and territories outside the UK to be registered for enforcement in the High Court of England and Wales.

12.1.5 The Foreign Judgments (Reciprocal Enforcement) Act 1933, pursuant to which directions may be made to allow for the registration and enforcement in the High Court of England and Wales of judgments made in foreign countries which give reciprocity of treatment to judgments given in the courts of the United Kingdom.

13. WINDING UP OF THE COMPANY OR A FUND

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under Chapter 7.3 of COLL. A Fund may only be terminated under the Regulations.

Where the Company is to be wound up or a Fund terminated under the Regulations, such winding up or termination 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 Fund) either that the Company or Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company or Fund may not be wound up under COLL if there is a vacancy in the position of the ACD at the relevant time.

The Company may be wound up or a Fund terminated under the Regulations if:

- (a) an extraordinary resolution to that effect is passed by Shareholders; or
- (b) the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Fund) the Net Asset Value of the Fund is less than £1,000,000 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 Fund); or
- (c) on the date of effect 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 a request for the termination of the relevant Fund;
- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company or Fund ceasing to hold any Scheme Property; or
- (e) on the date on which all of the Funds of the Company fall within paragraph (d) above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund

A Fund may also be terminated in accordance with the terms of a scheme of amalgamation or reconstruction, in which case Shareholders in the Fund will become entitled to receive shares or units in another regulated collective investment scheme in exchange for their Shares in the Fund.

On the occurrence of any of the events in paragraphs (a) to (c) above:

- (i) the relevant provisions of COLL in relation to Dealing, Valuation and Pricing and Investment and Borrowing Powers will cease to apply to the Company or the particular Fund;

- (ii) the Company will cease to issue and cancel Shares in the Company or the particular Fund and the ACD shall cease to sell or redeem Shares or to arrange for the Company to issue or cancel them for the Company or the particular Fund;
- (iii) no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- (iv) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (v) the corporate status and powers of the Company and, subject to the preceding provisions of (i) to (iv) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the winding up or termination has commenced, realise the assets and meet the liabilities of the Company or Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, provided that there are sufficient liquid funds available, 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 of the Company or the Fund. In the case of the Company, the ACD shall also publish notice of the commencement of the winding up of the Company in the Edinburgh Gazette. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all the Scheme Property to be realised and all the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for all Shares to be cancelled and 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 Fund.

As soon as is reasonably practicable after the completion of the winding up of the Company or the particular Fund, the ACD shall notify the FCA that it has done so.

On completion of the winding up of the Company, the Company will be dissolved and the ACD shall arrange that any money (including unclaimed distributions) standing to the account of the Company, will be paid by the Depositary into court within one month of dissolution.

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditor 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 within four months of the termination of the winding up.

14. TAXATION

The information below is a general guide based on current United Kingdom law and published HM Revenue & Customs practice, both of which are subject to change. Unless otherwise stated, it summarises the tax position of the Company and of certain categories of investor who are resident in (and only in) the United Kingdom for tax purposes and who hold Shares as investments and not in connection with an office or employment of any person. 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.

14.1 Taxation of the Company

14.1.1 Income

The Company is chargeable to corporation tax at the applicable rate, currently 20%, on income net of allowable expenses. With effect from 1 July 2009, dividends from both UK companies and most overseas companies are not generally taxable.

14.1.2 Chargeable Gains

Subject to it satisfying a genuine diversity of ownership test, the Company will be exempt from corporation tax on chargeable gains.

To satisfy this test, the Company must be widely available and marketed to a population of investors which is considered reasonable, given the inherent investor restrictions arising from the nature of the Company.

If HM Revenue & Customs consider that the Company does not meet the genuine diversity of ownership test, the Company will be subject to corporation tax on any chargeable gain arising on the disposal of its investments at the rate of 20%.

14.2 Taxation of the Shareholders

14.2.1 Income

The Company will pay dividend distributions.

For individuals who receive dividends in excess of their £2,000 tax-free dividend allowance, dividends are treated as the highest part of their income. Individual investors will be liable for income tax in respect of dividend distributions at the rate of 7.5%, to the extent that the dividend falls within the basic rate band. Individual taxpayers will be liable to income tax of 32.5% of the dividend to the extent that the dividend would otherwise fall within the higher rate band. To the extent that the dividend would fall above the higher rate band, individual taxpayers will be liable to income tax of 38.1% of the dividend.

Dividend distributions will be streamed into franked, unfranked and foreign income for Shareholders chargeable to UK corporation tax, according to the underlying gross income of the Company. The unfranked element will be treated as an annual payment which is subject to corporation tax.

It should be noted that UK individuals who are non-taxpayers or hold their Shares in an ISA or SIPP and UK pension funds may be exempt from tax on dividend distributions.

14.2.2 Capital Gains

Capital gains made by individual Shareholders on disposals from all chargeable sources of investment will be tax-free if they fall 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.

14.2.3 Inheritance Tax

Shareholdings of an individual shareholder may become subject to an inheritance tax liability if, as a result of a disposition of the shareholder made (or deemed to have been made) during the individual's lifetime or on death, the individual makes (or is deemed to have made) a transfer of value. The charge to inheritance tax is not restricted to UK individuals. Reliefs and exemptions may apply to reduce or extinguish any liability to inheritance tax. Investors should seek professional advice if they are unclear on the inheritance tax consequences of investing in the Company.

14.3 Stamp Duty Reserve Tax (SDRT)

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

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

14.4 US Tax Considerations

The information which follows is intended as a general guide only and represents the ACD's understanding of certain US taxation issues. It is provided for information purposes only and should not be relied on. Shareholders and prospective shareholders are recommended to seek their own professional advice.

United States ("US") Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

Under the FATCA provisions of the US Hiring Incentives to Restore Employment Act, where the Company invests directly or indirectly into the US, payments to the Company of US-source income after 30 June 2014 and the proceeds of sales of US property (including stock in a US corporation) to the Company after 31 December 2016 may be subject to a 30% withholding tax, unless the Company meets the requirements of the Inter-Governmental Agreement entered into between the UK and US Governments regarding the implementation of FATCA, as implemented into UK law by The International Tax Compliance Regulations 2015 (the "ITC Regulations"). These regulations will require the Company to collect and, in certain cases, report information regarding Shareholders with a relevant US connection to HM Revenue and Customs for forwarding to the US Internal Revenue Service (the "IRS").

Any amounts of US tax withheld may not be refundable by the IRS. Potential investors should consult their advisors regarding the application of the withholding rules and the information that may be required to be provided and disclosed to HM Revenue and Customs. The application of the withholding rules and the information that may be required to be reported and disclosed are subject to change. The ACD reserves the right to redeem the shares of any Shareholder who jeopardises the tax status of the Company.

14.5 Other information exchange obligations

In addition to its obligations under FATCA, the Company will be required to comply with the provisions of the ITC Regulations which give effect to the UK's information exchange obligations under competent authority agreements for the Common Reporting Standard, under EU Council Directive 2014/107/EU of 9 December 2014 relating to the mandatory automatic exchange of information in the field of taxation and under the Inter-Governmental Agreements to Improve International Tax Compliance entered into between the UK Government and the Governments of, respectively, Jersey, Guernsey, the Isle of Man and Gibraltar. Similar to the provisions of the ITC Regulations in respect of FATCA, the regulations impose obligations on the Company to collect and, in certain cases, report information regarding Shareholders with a relevant connection to a participating jurisdiction to HM Revenue and Customs for forwarding to the tax authorities of that jurisdiction. Potential investors should consult their advisors regarding the information that may be required to be provided and disclosed to HM Revenue and Customs.

The information in this section 14 is based on the ACD's interpretation of the current tax regime applicable to individual UK resident Shareholders, which is subject to change.

No liability is accepted by the ACD for such interpretation and all Shareholders should seek independent legal and taxation advice.

15. GENERAL INFORMATION

15.1 Documents of the Company

Copies of this Prospectus, the Instrument of Incorporation and the annual and half- yearly reports and the material contracts referred to below are kept and may be inspected at and obtained from the offices of the ACD at Orton, Moray IV32 7QE during normal office hours.

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the Register of Shareholder.

15.2 Risk Management

Upon the request of a Shareholder, the ACD shall provide certain information supplementary to this Prospectus which relates to:

- (a) the quantitative limits which apply in the risk management of the Funds;
- (b) the methods used in relation to (a) above; and
- (c) any recent development of the risk and yields of the main categories of investment which apply to each Fund.

15.3 Complaints

Complaints concerning the operation or marketing of the Company or any of the Funds may be referred to the ACD at Orton, Moray IV32 7QE. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

15.4 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;
- (b) the Depositary Agreement between the Company, the ACD and the Depositary; and
- (c) the Investment Management Agreement between the Company, the ACD and the Investment Manager.

Details of the above contracts are given under the heading "The Service Providers" in Section 2 of this Prospectus.

15.5 Financial Services Compensation Scheme

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

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

Tel: 0800 678 1100

Website: www.fscs.org.uk

16. INSTRUMENT OF INCORPORATION

16.1 Share Capital

The Company may from time to time issue Shares of different Classes, and the ACD may by resolution from time to time create additional Classes in respect of a Fund (whether or not falling within one of the Classes in existence on incorporation).

The ACD may by resolution from time to time create additional Funds with such investment objectives and such restrictions as to geographic area, economic sector, monetary zone or category of transferable security and denominated in such currencies as the ACD from time to time determines.

The special rights attaching to a Class are not (unless otherwise expressly provided by the conditions of issue of such Shares) deemed to be varied by:

- (a) the creation, allotment or issue of further Shares of any Class ranking *pari passu* with them;
- (b) the switch of Shares of any Class into Shares of another Class;
- (c) the creation, allotment, issue or redemption of Shares of another Class within the same Fund, provided that the interests of that other Class in the Fund represent fairly the financial contributions and benefits of Shareholders of that Class;
- (d) the creation, allotment, issue or redemption of Shares of another Fund;
- (e) the exercise by the ACD of its powers to reallocate assets, liabilities, expenses, costs or charges not attributable to one Fund or to terminate a Fund; or

- (f) the passing of any resolution at a meeting of another Fund which does not relate to the Fund in which the Class is interested.

16.2 Transfer of Shares

A Shareholder is entitled (subject as mentioned below) to transfer its Shares by transfer in writing in any usual or common form or in any other form as may be approved by the ACD. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the ACD for registration. The transferor remains the holder until the name of the transferee has been entered into the register.

Shares may only be transferred to Eligible Investors.

No instrument of transfer may be given in respect of more than one Class.

In the case of a transfer to joint holders, the number of joint holders to whom a Share is to be transferred may not exceed four.

The ACD is not obliged to accept a transfer if it would result in the holder, or transferee, holding less than the minimum holding of Shares in the Class in question.

The Company or the ACD may require the payment of such reasonable fee as the ACD and the Company may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any Share.

16.3 Removal of ACD

The Company may by ordinary resolution remove the ACD before the expiration of its period of office, notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FCA has approved it and a new ACD approved by the FCA has been appointed.

16.4 Proceedings at General Meetings

The Depositary shall nominate the chairman of a general meeting. If the nominated chairman is not present or declines to take the chair, the Shareholders may choose one of their number to be the chairman.

The chairman of any quorate meeting may with the consent of the meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the meeting to adjourn he must do so. No business can be transacted at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

The Shareholders have rights under COLL to demand a poll. In addition to these, a poll may be demanded by the chairman of the meeting or by the ACD on any resolution put to the vote of a general meeting.

Unless a poll is required, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings will be conclusive evidence of that fact. If a poll is required, it shall be taken in such manner as the chairman may direct.

The chairman may take any action he considers appropriate for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.

16.5 Corporations Acting by Representatives

Any corporation which is a Shareholder may by resolution of its Directors or any governing body and in respect of any Share or Shares of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any Class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were an individual Shareholder and such corporation shall be deemed to be present in person at any such meeting if an individual so authorised is so present.

16.6 Powers of a Shareholders' Meeting

The ACD must, by way of an extraordinary resolution (i.e. a resolution notified and proposed as such and passed by a majority of not less than three-quarters of the votes validly cast), obtain prior approval from the Shareholders (or, where applicable, class of Shareholders) for any proposed change to the Company or any of its Funds which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:

- (a) certain changes to the investment objectives and policy of the Funds;
- (b) the removal of the ACD;
- (c) any proposal for a scheme of arrangement.

Other provisions of the Company's Instrument of Incorporation and this Prospectus may be changed by the ACD without the sanction of a shareholders' meeting in accordance with COLL.

16.7 Indemnity

The Instrument of Incorporation contains provisions indemnifying every Director, other officer and auditor against liability in certain circumstances and indemnifying the Depositary against liability in certain circumstances but not any liability in respect of failure by it to exercise due care and diligence or any liability which is recovered from another person.

17. RISK WARNINGS

Potential investors should bear in mind that all investments carry risks and in particular should consider the following risk factors before investing in the Company.

17.1 General

Past performance should not be seen as an indication of future performance. The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. Consequently, the value of Shares in all Funds and the income derived from them can go down as well as up and as a result an investor may not get back the amount originally invested. This can be as a result of market movements and also variations in the exchange rates between currencies.

There is no assurance that any appreciation in value of investments will occur and no assurance that the investment objective of any Fund will actually be achieved.

Inflation will affect the future buying power of any investment. If the returns on an investment in the Company have not beaten the rate of inflation, such investment will have less buying power in the future.

Business dependent upon key individuals. The success of the Company is significantly dependent upon the expertise of the directors of the Investment Manager. Past investment performance may not be construed as an indication of the future results of an investment in a Portfolio of the Company.

Investment and Trading Rules generally. Substantial risks are involved in investing in the various securities and instruments that a Fund intends to purchase and sell. Prices may be influenced by, among other factors:

- changing supply and demand relationships;
- domestic and foreign policies of governments, particularly policies to do with trade or with fiscal and monetary matters;
- political events, particularly elections and those events that may lead to a change in government;
- the outbreak of hostilities, even in an area in which the Fund is not invested; and
- economic developments, particularly those related to balance of payments and trade, inflation, money supply, the issue of government debt, changes in official interest rates, monetary revaluations or devaluations and modifications in financial market regulations.

As a result of the nature of each Fund's investment activities, the results of a Fund's operations may fluctuate substantially from period to period. Accordingly, performance results of a particular period will not necessarily be indicative of results in future periods.

17.2 AIFMD

The AIFM Directive regulates Alternative Investment Fund Managers (“AIFM”) established in the EEA and prohibits such AIFM from managing any AIF, such as the Fund, or marketing Shares to investors in the EEA, unless authorised in accordance with the AIFMD Regulations. As an entity authorised by the FCA to perform the regulated activity of managing an AIF, the AFM will comply with various obligations in relation to the Fund which may create significant costs that may be borne by Shareholders.

The AIFM Directive is still being implemented in certain member states of the EEA. Any regulatory changes arising from such implementation that impair the ability of the AFM to manage the investments of the Fund, or limit its ability to market Shares, in the future, may materially adversely affect the Fund’s ability to continue to implement its investment approach and achieve its investment objective.

It is difficult to predict the full extent of the impact of the AIFM Directive on the Fund, the AFM and/or the Investment Manager will continue to monitor the position and reserve the right to adopt such arrangements as they deem necessary or desirable to comply with the applicable requirements of the AIFM Director and making any relevant filings in order to market Shares to professional investors in the EEA.

17.3 Taxation

Tax regulations and concessions are not guaranteed and can change at any time. The levels of tax benefits and liabilities arising from an investment in the Company will depend upon individual circumstances and may change in the future. There is no guarantee that any Fund which is currently eligible for ISAs will remain so eligible in the future or that the tax advantages of ISAs will be maintained.

17.4 Effect of Preliminary Charge

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

Therefore, the Shares should be viewed as a medium to long term investment.

17.5 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see Section 4 of this Prospectus).

17.6 Currency Risk

Depending on an investor's currency of reference, currency fluctuations and currency management transactions may adversely affect the value of an investment. Exchange rate changes may also cause the value of underlying overseas investments of a Fund and any income from them to go down as well as up.

The Net Asset Value per Share of a Fund will be computed in the Base Currency of the relevant Fund, whereas the investments held for the account of that Fund may be acquired in other currencies. The Base Currency value of the investments of a Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the ACD may consider it desirable not to hedge against such risk. Accordingly, the investments of each Fund may or may not be fully hedged into its Base Currency. Currency management transactions, while potentially reducing the currency risks to which a Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments, the performance of such Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not fully correspond with the securities positions held.

17.7 Share Currency Designation Risk

Share Classes may be available in a Fund which are designated in a currency other than the Base Currency of the relevant Fund. In such circumstances, adverse exchange rate fluctuations between the Class Currency and the Base Currency of a Fund, or between the Class Currency and the underlying currency exposures resulting from the underlying investment decisions including the currency management transactions may result in a decrease in return and/or a loss of capital for Shareholders.

Any currency management transactions that are undertaken to control this risk may limit Shareholders of any Share Class from benefiting from opportunities if there was no currency management transactions and might expose investors to losses. Currency management transactions will expose investors to fluctuations in the Net Asset Value per Shares reflecting the gains/loss on and the costs of the relevant financial instruments.

Where currency management transactions provide exposure to currencies that are different from the Class Currency or the currency exposures arising from the underlying investments, the Fund will be exposed to the risk that changes in the value of the currencies to which the Fund is exposed may not correlate with changes in the value of the currency in which the underlying securities are denominated, which could result in loss on both the currency management transactions and the Fund securities.

17.8 Custody Risk

The assets of the Company and each Fund (but not the sums standing to the credit of its distribution account) are held by, or to the order of, the Depositary, which is authorised by the PRA and regulated by the FCA and the PRA. The FCA Handbook and AIFMD Regulation require that all Custodial Assets that can be registered in a financial instruments account are registered in the Depositary's books within segregated accounts opened in the name of the relevant Fund, or the AFM acting on

behalf of the relevant Fund, such that there is a legal separation of non-cash assets held under custody and that records are maintained which clearly identify the nature and amount of all assets under custody, the ownership of each asset and the location of the documents of title to that asset. In case of a potential bankruptcy of the Depositary, cash positions in a Fund are not protected and there may be a delay in regaining full control of the non-cash assets (including Custodial Assets).

17.9 Financial Derivative Instruments

There are certain investment risks that apply in relation to the use of financial derivative instruments. Derivatives may be used to provide protection for an investment or as a cheaper and more liquid alternative for an investment. However, should the Investment Manager's expectations in employing such techniques and instruments be incorrect or ineffective, a Fund may suffer a substantial loss, having an adverse effect on the Net Asset Value of the Shares.

Certain Funds may use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. Such strategies might be unsuccessful and incur losses for the Fund, due to market conditions. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in financial derivative instruments are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of financial derivative instruments involves special risks, including:

- (A) dependence on the Investment Manager's ability to accurately predict movements in the price of the underlying security;
- (B) imperfect correlation between the movements in securities or currency on which a financial derivative instruments contract is based and movements in the securities or currencies in the relevant Fund;
- (C) the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Fund to liquidate a financial derivative instrument at an advantageous price;
- (D) the degree of leverage inherent in futures trading (ie. the loan margin deposits normally required in futures trading means that such trading may be highly leveraged). Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to a Fund; and
- (E) possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short-term obligations because a percentage of the assets attributable to a Fund may be segregated to cover its obligations.

For a description of how a Fund may use derivatives, please see Appendix D to this Prospectus.

Short Selling. To the extent that a Fund invests directly in equity securities, the establishment and maintenance of a short position in equities can involve greater

risks than would be the case with a long position. These include the possibility of unlimited loss due to potentially unlimited price appreciation in the securities concerned, problems associated with the cost or availability of stock to borrow for the purposes of short selling and possible difficulties in purchasing stock to cover short positions in certain market conditions.

Short Option Strategies. The establishment and maintenance of a short position in options can involve greater risks than would be the case with a long position. These include the possibility of unlimited loss to potentially unlimited price appreciation in the options concerned. It must be stressed that the use of short option strategies by a Fund may involve risks that other options investors would prefer to lay-off or avoid taking and that short option strategies are not suitable for all investors.

Leverage, Interest Rates and Margin. A Fund may leverage its investment return with such instruments as futures, options and other derivative contracts traded on recognised exchanges. The interest rates imputed in the prices of such instruments may affect the operating results of a Fund in a similar way to other forms of borrowing. Each Fund may employ leverage up to a maximum gross market exposure of 5 times on 50% of the Net Asset Value attributable to the relevant Fund whilst Implied Volatility remains below 40% and when Implied Volatility exceeds 40% leverage may be raised to 15 times on 50% of the Net Asset Value attributable to the relevant Fund (as set out in the investment objective and policy). These are predetermined limits set by the Investment Manager and ACD and are calculated with a view to allowing sufficient liquidity within the portfolio in order to achieve the necessary exposure to the market whilst avoiding additional calls for cash if margin requirements are to change suddenly.

Gross market exposure is calculated by summing the contractual value of all of the open futures, the greater of the short call or put option positions and long underlying securities.

Each Fund's market exposure could be net long or net short. This 'net' position is calculated by taking the maximum gross market exposure and multiplying by the net delta of the portfolio (the delta measures the sensitivity of option prices to changes in the price of the underlying index.) As a result of hedging, the overall exposure and therefore the leverage may be reduced. It will also be part of the risk management procedures to analyse the portfolio's exact value at risk. The use of such hedging techniques will allow the Investment Manager to produce a maximum profit or loss profile for the Fund at different levels of the index on each expiry date, enabling efficient management of the Fund's risk.

It must be stressed that at all times each Fund will seek to operate within the pre-determined maximum exposure limit. The Investment Manager will closely supervise margin/equity ratios in case a larger than normal move in the market unexpectedly increases margin levels.

A Fund's use of leverage results in certain additional risks. For example, should the securities pledged to brokers to secure a Fund's margin accounts decline in value, the Company and/or the relevant Fund could be subject to a "margin call" and need to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden

drop in the value of a Fund's assets, that Fund might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, leverage can increase the loss to investors. In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase 10 per cent. of the price of a futures contract is deposited as margin, a 10 per cent. decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Counterparty Risk. Where a Fund enters into swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the ACD, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice, it is the ACD's policy to net exposures of each Fund against its counterparties.

17.10 Particular Risks of Exchange Traded Derivative Transactions

The Company is subject to the risk of the failure of any of the exchanges on which it trades or of their clearing houses and in certain cases the counterparties with whom the trades are carried out. In addition, each securities exchange or derivatives market typically has the right to suspend or limit trading in all securities or derivatives which it lists. Such a suspension would render it impossible for a Fund to liquidate positions and, accordingly, expose a Fund to losses and delays in its ability to redeem Shares.

Potential Illiquidity of Exchange-traded Instruments. It may not always be possible for the Company to execute a buy or sell order on behalf of a Fund on exchanges at the desired price or to liquidate an open position due to market conditions, including the operation of price fluctuation limits. If trading on an exchange is suspended or restricted, a Fund may not be able to execute trades or close out positions on terms that the Investment Manager believes are desirable.

Some futures exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "price limits". Once the price of a futures contract has increased or decreased to the limit point, it may be impossible to exit a position at an advantageous price. Futures exchanges have occasionally moved the limit down for several consecutive days with little or no trading. Similar occurrences could prevent a Fund from promptly liquidating unfavourable positions and subject a Fund to substantial losses. Also, the exchange regulator or exchanges may suspend or limit trading. While price limits reduce liquidity, they do not reduce ultimate losses. Futures contracts which expire into cash settlement such as stock indices, interest rate futures and currencies do not operate a daily price limit system, but instigate a system of circuit breakers where the market will be closed for a period.

Exchange-Traded Futures Contracts and Options on Futures Contracts. A Fund will use exchange-traded futures contracts and options on futures contracts. Use by a

Fund of such instruments will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Futures contracts are highly leveraged instruments and the low margin deposits normally required in futures transactions allow for an extremely high degree of leverage in comparison with investments in other assets. Because of the leverage associated with trading futures, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss and may result in a loss of a substantial amount or even all of the assets of the Company or of a particular Fund.

Due to the nature of futures, cash to meet margin money will be held by a broker with whom the Company has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such money will be returned to the Company. On execution of an option the Company may pay a premium to or receive a premium from the clearing house. In the event of the insolvency or bankruptcy of the clearing house, the option premium may be lost in addition to any unrealised gains where the contract is in the money. Trading in derivative instruments is not always subject to governmental regulation or control. In addition the Company is exposed to the risk of counterparties defaulting on contractual obligations and substantial losses may occur on such default, if as a result of such losses the solvency of the clearing house is affected. However, all Clearing Houses operate large, but not unlimited, insurance policies against such defaults.

Each Fund may invest in financial futures and related options. A Fund's use of futures contracts and options on futures contracts will present the same type of volatility and leverage risks associated with transactions in derivative instruments generally. In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid market on the exchange on which the original position was established. While a Fund will enter into futures and option positions only if, in the Investment Manager's judgement, there appears to be a liquid market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The liquidity of a market in futures contracts and options on futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity. Default or insolvency of a broker may result in positions being liquidated or closed out.

To the extent that a Fund trades in derivatives contracts and any broker with whom the Company maintains accounts fails to segregate that Fund's assets, the Company and/or the relevant Fund may be subject to a risk of loss in the event of the bankruptcy of the broker.

17.11 Particular Risks of OTC Derivative Transactions

OTC Derivative Instrument Transactions. A Fund may invest in futures and options and other investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or (“OTC”) transactions and may include forward contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, a Fund is subject to the risk of counter-party failure or the inability or refusal by a counter-party to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to that Fund.

The instruments, indices and rates underlying derivative transactions expected to be entered into by a Fund may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Company could result in losses.

Absence of regulation; counterparty default

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC transactions.

The Company may use one or more separate counterparties to undertake derivative transactions on behalf of a Fund and may be required to pledge collateral, paid from within the assets of the Fund, to secure such contracts. As noted above, there may be a risk that a counterparty will wholly or partially fail to honour their contractual obligations under the arrangement. The ACD assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this.

As noted in paragraph 8 of this Prospectus, the ACD uses a risk management process as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. Before using this process in connection with derivatives and forwards positions, the ACD will notify the FCA of the relevant details of the risk management process.

Liquidity; requirement to perform

Regardless of the measures a Fund may seek to implement to reduce counterparty credit risk, there can be no assurance that a counterparty will not default or that a Fund will not sustain losses as a result. From time to time, the counterparties with which a Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction in currencies or swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance.

17.12 Forward Foreign Exchange Contracts

Each Fund may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. A Fund will be subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the relevant Fund to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

17.13 Fund Suspension Risk

Investors should be aware that the ACD has the ability to suspend dealing in the Shares of the Fund in exceptional circumstances.

17.14 Risk of Government Intervention

The prices of instruments in which a Fund may trade or invest are subject to certain risks arising from government regulation of or intervention in the relevant capital markets, through regulation of their local markets, restrictions on investments by foreigners or limits on flows of investment funds. Such regulation or intervention could adversely affect the relevant Fund's performance.

17.15 Trading Error and Trading Execution Risks

Trading errors and order errors, which may be due to a mistake of fact, processing error or other similar reason, are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors and/or order errors do

occur, they will be for the account of the Fund, unless they are the result of conduct inconsistent with the standard of care set forth in the Investment Management Agreement. The Investment Management Agreement provides that, except in the case of negligence, fraud or wilful default, losses (including indirect losses, loss of opportunity and consequential loss) arising from unintended errors in the communication or administration of trading instructions shall be for the account of the Fund on the basis that profits arising from such errors will also be for the account of the Fund, except in the case of negligence, fraud or wilful default. The Investment Manager will not be responsible for the errors of other persons, including the Depositary. In the event of a trading error or an order error, it shall be a matter of the Investment Manager's discretion as a free-standing investment judgment whether or not to retain the relevant position.

17.16 FATCA, the US-UK IGA and Compliance with US Withholding Requirements

The FATCA provisions of the US HIRE Act, the US-UK IGA, and the subsequent implementation of the corresponding reporting requirements into UK law provide that the Fund must disclose to HMRC the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to any such interest, for onward provision to the IRS. Although the Company will attempt to satisfy any obligations imposed on under these provisions, no assurance can be given that the Company will be able to satisfy these obligations. FATCA includes provisions for amounts to be withheld from payments including US-source income (and in due course from the proceeds of sale of US property). Whilst the Company intends to comply with its relevant obligations under UK law, the tax transparent nature of the Funds means that it is conceivable that a non-compliant investor could result in a withholding on payments to a Fund. In addition, it is conceivable that other parties making payments directly or indirectly to a Fund may themselves suffer such withholding and may not be in a position to indemnify the Fund for any resulting loss. If a Fund becomes subject to a withholding tax or indirectly suffers the economic consequences of withholding as a result of the US HIRE Act, the return of all Shareholders may be materially affected. In certain circumstances a Fund may compulsorily redeem a Shareholder's Shares and/or may reduce the redemption proceeds in respect of any Shareholder. Further information may be found under the section of this Prospectus headed "Subscription, Redemption and Transfer of Shares".

All prospective Shareholders should consult with their own advisers regarding the possible implications of the US HIRE Act on their investment in the Company.

17.17 Concentration Risk

Funds which invest in a narrow range of stocks or in specialised sectors may be more volatile than more broadly diversified equity funds.

Although each Fund will endeavour to diversify its portfolio in accordance with the strategy set out in Appendix A, each Fund may hold a few relatively large futures and/or options positions. Consequently, a loss in any such position could result in

significant losses to the relevant Fund and a proportionately higher reduction in the Net Asset Value attributable to that Fund than if such Fund had invested in a wider number of positions.

17.18 Market Risk

External factors can cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time. Some of the recognised exchanges on which each Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which each Fund may liquidate positions to meet repurchase requests or other funding requirements.

17.19 Valuation Risk

Each Fund may invest in derivative instruments. There can be no assurance that the valuation of a derivative instrument (as determined in accordance with the valuation provisions set out in Section 3 of this Prospectus) will reflect the exact amount at which the instrument may be "closed out".

17.20 Investment Manager

The Investment Manager has complete discretion over the investment decisions within the relevant Fund. The performance of the Fund is therefore directly linked to the ability of the Investment Manager. Shareholders should be aware that, whilst no change in the Investment Manager for any Fund is anticipated at present, a change, for whatever reason, may adversely affect the performance of the Fund.

17.21 Over-the-Counter Market Risks

Where any Fund acquires securities on over-the-counter markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

17.22 Interest Risk

Some of a Fund's financial instruments may be interest bearing. As such, such Fund will be exposed to interest rate risk due to fluctuations in the prevailing market rates.

17.23 Corporate Bonds

Corporate bonds are subject to credit, liquidity, duration and interest rate risks. Adverse changes in the financial position of an issuer of corporate bonds or in general economic conditions may impair the ability of the issuer to make payments of principal and interest or may cause the liquidation or insolvency of an issuer. There can be no assurance as to the levels of default and/or recoveries that may be experienced with respect to corporate bonds.

Debt instruments held by the Company will be affected by general changes in interest rates that will, in turn, result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's

investments in fixed interest debt obligations can be expected to rise and, when interest rates rise or are expected to rise, the value of those investments can be expected to decline.

17.24 Convertibles

As convertibles are fixed interest or fixed dividend securities, they share in large part the same characteristics as normal debt securities and, accordingly, the risk factors set out above in the section entitled "Corporate Bonds" apply equally in relation to convertibles. However, in addition, as convertibles may be converted into equities at a future date, convertibles will be sensitive to the market value of the equities to which they relate (the market value of which may go down as well as up).

17.25 Sub Investment Grade Securities

When a Fund invests in sub-investment grade securities, Shareholders should be aware that the value of their investments will fall should an issuer default or receive a reduced credit rating.

17.26 Risks Associated with Investment in Other Collective Investment Schemes

A Fund may invest in one or more collective investment schemes including schemes managed by the ACD or its affiliates. As a shareholder of another collective scheme, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of the other collective investment scheme, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations.

17.27 Legal and Regulatory Risks

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

17.28 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 the referendum vote are not yet known. It is possible investments in the UK may be more difficult to value, to assess for suitability or 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.

17.29 Cyber Security

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

17.30 Lack of Operating History

Each new Fund is a sub-fund of the Company which is a newly incorporated entity and has no operating history. The past investment performance of the ACD, the Investment Manager or their affiliates may not be construed as an indicator of the future results of an investment in any Fund.

17.31 Epidemics/Pandemics

Occurrences of epidemics/pandemics (such as COVID-19), depending on their scale, may cause damage to national and local economies which will have an impact on investments. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect funds, may increase volatility, impair liquidity and potential returns and make assets difficult to value. During such epidemics investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective. Custody, trading and settlements may also be affected. As a result there may be a negative impact on the value of funds.

APPENDIX A: Details of the Funds

NAME	THE VT OXEYE HEDGED INCOME OPTION FUND
PRN:	746576
Investment objective and policy ¹	<p>The investment objective of The VT Oxeye Hedged Income Option Fund is to achieve income and potential capital growth. Capital is in fact at risk, and there is no guarantee that the investment objective will be achieved.</p> <p>The Fund will seek to achieve its objective by investing in derivative instruments, principally through the use of futures and options strategies, involving the sale of 'strangles' on the leading UK index. The Fund may also invest in cash.</p> <p>It is anticipated that a large proportion of the assets of the Fund will, at any one time, consist of cash.</p> <p>Derivatives will be used for both investment purposes and Efficient Portfolio Management</p>
Benchmark	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 there income is provided and if there is capital growth)..
Launch Date	
Accounting Dates	31 March and 30 September
Income Allocation Date	16 May
Valuation Point	4.30pm on each Dealing Day
Base Currency	Sterling
ISA Status	Not a qualifying investment for stocks and shares ISA
Share Classes	Distributing
Redemption Charge	None
Switching Charge	None

¹ Further details of the strategy to be adopted by the Investment Manager are set out below.

NAME	THE VT OXEYE HEDGED INCOME OPTION FUND
Annual Management Charge	1%
Investment Minima²	£600,000
Initial Lump Sum	£600,000
Holding	£600,000
Top-up	£20,000
Redemption	£20,000
Performance Fee	Yes, see Appendix B
Initial Charge³	5%

Investment Strategy

The Investment Manager will undertake analytical research in order to identify investment and trading opportunities in the markets. Such in-house analytical research will form the basis of all investment decisions. Investments will be made on a fundamental basis (the study of underlying factors that affect the supply-demand equation and thus the price of an asset) with the Investment Manager selecting opportunities which it believes will offer advantageous risk-reward profiles.

The investment strategy will combine futures and options strategies. Whilst it is not the Investment Manager's intention to take delivery of physical commodities, the Investment Manager reserves the right to do so.

The investment strategy combines fundamental and technical analysis to identify the market environment and then employs statistical and valuation criteria for choosing the individual investments.

The Fund will aim to achieve positive returns by:

- (a) Short options strategies – writing options, with short to medium term durations, in order to take advantage of periods of low market volatility. This part of the strategy involves selling combinations of options to profit from premium erosion. The written options may be hedged by either buying/selling futures, buying out-of-the money options or buying long of underlying securities. This technique, known as volatility arbitrage, tends to be most profitable during periods of market inactivity. It is a major component of the Portfolio's investment strategy, because the Investment Manager believes

² The ACD may waive the minimum levels at its discretion.

³ The ACD may waive this initial charge in whole or in part at its discretion

that for a large proportion of the time markets trade in a statistically definable range.

- (b) Investment strategies – buying or selling derivative instruments and individual securities to benefit from periods of rising volatility. During periods when markets are experiencing strongly directional phases, writing options may be less profitable. In such circumstances, the Investment Manager will have the option to adjust the portfolio towards a more correlative stance. The Investment Manager has created strategies for identifying situations when the markets are over or undervalued on both a short and long term basis and will employ both trend-following and/or mean reversion techniques to take advantage of such situations.

Background to Investment Strategy

The Investment Manager's Oxeye Hedged Income Option Strategy (OHIO) is an option writing / short volatility strategy similar to insurance underwriting. Investors tend to buy options as a way of insuring their portfolios against a large market move in either direction.

Since statistics show that large moves occur infrequently and that usually the market remains within a pre-determinable range, these options generally lose money for the buyer by mostly expiring as worthless. Investors typically overpay to own portfolio insurance strategies, a phenomenon that is well documented in academic studies. OHIO seeks to exploit the opportunity presented by this preference, which has become more pronounced in the wake of the 2008 financial crisis with a proliferation of 'tail-risk' strategies coming to market. If the buyer of options most of the time loses money then the seller of these options must be making money, similar to the short seller of a stock which declines in price.

The Investment Manager has been selling options on behalf of clients since 1997. The Option Premium Strategy (OPS) seeks to receive option premium from the consistent sale of 'strangles' on the FTSE 100 Index (the 'Index'), made up of matched 3-month puts and calls on the Index. The options are sold with a strike price up to 5% out-of-the-money with each basket rolled on a monthly basis at or near expiry. The strategy is synthetically 'leveraged' 5 times and risk is managed by maintaining the option strikes within break-even bands. Despite OPS's consistent performance over many years, there are two clear disadvantages:

- a) The high volatility of returns
- b) The absence of limited liability

The Investment Manager seeks to circumvent this by trading with a low exposure until the occasional, but inevitable range break and then increase market exposure to take advantage of extremely attractive prices created by the market stress.

The OHIO Strategy has been created accordingly. To take advantage of the successful strategy shown by the performance of OPS combined with a hedging strategy which will aim to smooth returns by lessening drawdowns during periods of market stress. And then with spare capital intentionally kept aside for just such an opportunity it will increase exposure and reduce hedging to a minimum.

Income Generation

The strategy earns an income by selling options on the Index or collecting premium from short option positions and benefiting from time-decay (theta) by selling a wasting asset. In range-bound markets the options expire worthless and the full premium accrues to the seller. (Theta is defined as rate of change of an option's price over time i.e. the rate at which its time-value erodes towards expiry.) This procedure is known as selling implied volatility.

Implied volatility is the barometer that measures the price level of options or more specifically the rate of an option's price change implied by current trading.

Risk Management

To help lessen drawdowns during periods of market stress the Investment Manager has developed a 'futures overlay' strategy, which overall does not detract from long-term performance. Option writing strategies always carry an open risk and moves in the underlying index will affect the two elements that change option prices: Market direction and Implied Volatility.

Options which are out-of-the-money move in line with the underlying index, but not pound for pound. This sensitivity is known as the delta and is measurable on a real time basis. In this way it allows the hedger to calculate accurately how many futures contracts are needed at any one time in order to hedge the option book against a move in the index. Large moves by the index change the delta significantly.

Risk management for the OPS strategy centres on maintaining the delta of the portfolio within a band established by the option positions. The strategy does not take an explicit view on market direction and will be profitable if the Index trades within these 'breakeven bands'.

The manager monitors both market movement as well as deploying proprietary technical indicators to forecast volatility ranges and to assess the risk of the Index trading outside the breakeven bands. While there is some risk associated with a rising market and the Call basket going into-the-money, in which case the manager will buy futures to reduce the short delta, the greater risk is of a sell-off accompanied by a spike in volatility which would lead to losses in the Put basket. In a falling market therefore, the Investment Manager will typically buy back in-the-money Puts as well as selling Futures in order to manage downside risk and reduce not only the delta of the portfolio, but also to allow for the rise in implied volatility which always accompanies a big downside move.

In order to guard against an overnight move which could pre-empt the hedging strategy, the manager will also maintain a long position of out-of-the-money puts struck at levels which will aim to avoid a drawdown greater than the initial capital, in other words limited liability. This is not deemed necessary against an upside move as the market is unlikely ever to gap higher to the extent it prohibits the ability to hedge the upside. Bullish phases tend to be slow rolling movements, versus bearish phases which can come out of the blue and with ferocity.

In extreme downside moves by the index, there will be a moment when all of the put options are in-the-money. This will be accompanied by a rise in IV, possibly to a level of 40% or greater. In such a situation the manager will buy back all of the positions including the futures and start again at lower strikes around the new market level.

Strategy Mechanics

OHIO involves writing ladders of 'strangles' on the Index, selling 3- month Put and Call options up to approximately 5% out-of-the-money with matched expirations. The main benefit of which is to write 'two income rewards for one capital risk'. Four strangles will typically be sold each month so that 12 strangles are ladder out over three months, implying synthetic 'gross leverage' of 5x. For example, if the Index is trading at 5000, the Investment Manager will sell calls with a strike at 5200 and puts with a strike at 4800 expiring in 3 months.

Assuming each option is sold for £200, the strangles will generate a positive return if, until expiration, the Index remains within the range: 4600 (4800-200) and 5400 (5200+200). The higher the market volatility, the higher the option premiums earned and the wider the break-even range within which the strategy can deliver positive returns. The strangles will normally be closed shortly before expiration and the strategy generates a positive return if the premium received exceeds the cost of closing out the positions.

OHIO incorporates active management in order to maintain the delta of the portfolio within discretionary limits. By definition the strangles are set up delta-neutral and the strategy will be run passively if markets remain within forecast ranges. Wider market movement may, however, require intervention to manage overall risk and keep the portfolio's delta within prescribed limits. This is achieved by rolling option positions that are in-the-money into fresh contracts sold at higher implied volatility levels in order to readjust the portfolio to the new market level. This will help limit risk and enhance returns. As described above, the portfolio will normally be diversified across time-frames as well as by strike, given that positions are implemented at different index levels.

All options traded are listed; no single stock options are traded.

Gearing Increase

At a predetermined level of Implied Volatility of 40% or higher the manager will look to increase exposure from 5x to 15x on 50% of the Net Asset Value attributable to the relevant Fund and suspend the futures hedging overlay. Periods of extremely high volatility can last up to 3 to 6 months and premium levels often allow such wide breakeven ranges to be written, hedging tends to be unnecessary. So the strategy will discontinue its hedge strategy until such time as Implied Volatility falls to below 25% again.

Market Exposure

The Fund is authorised to effect short positions and also to use leverage (via the futures market) with the aim of enhancing performance. Accordingly, the Fund may employ leverage up to a maximum gross market exposure of 10 times the Net Asset Value. This is a predetermined limit set by the ACD and the Investment Manager and is calculated with a view to allowing sufficient liquidity within the Fund in order to achieve the necessary exposure to the market whilst avoiding additional calls for cash if margin requirements are to change suddenly.

Gross market exposure is calculated by summing the contractual value of all of the open futures, short option positions and long underlying securities.

Because of the hedging activities undertaken by the Investment Manager a simple analysis of the gearing ratio based on the gross exposure is misleading. The Fund aims to hedge liability most of the time, which means that for any short position the Fund may also have a corresponding long position. For this reason the net exposure of the Fund must be consistently monitored by use of the delta (which measures the sensitivity of the option prices to changes in the price of the underlying index or security). The net exposure may then be compared with the Net Asset Value attributable to the Fund to provide a net gearing ratio. This then allows the Fund to be controlled within net gearing bands, so that a large move by the underlying index will not affect the Fund as severely as the gross exposure would suggest.

It will also be part of the risk management procedures to analyse the Fund's exact value at risk. The Fund uses value at risk (VaR) as a methodology of measuring risk. The use of such hedging techniques will enable the Investment Manager to produce a maximum profit or loss profile for the Fund at different levels of the index on each expiry date, enabling efficient management of the Fund's risk.

It must be stressed that at all times the Investment Manager will seek to operate the Fund within the pre-determined maximum exposure limit. The Investment Manager will closely supervise margin/equity ratios in case a larger than normal move in the market unexpectedly increases margin levels and gearing ratios.

Whilst there is no restriction on the markets in which the Fund may operate, the markets covered shall include, without limitation, major futures and options, stock index and government bond markets.

Finally, the Fund may be liquid if cash is considered to offer superior returns and active currency hedging will be employed, when necessary, to manage potential currency risks within the Fund. Cash may form a significant part of the portfolio of the Fund where this is considered to be in the best interests of shareholders.

APPENDIX B: Performance Fee

Performance Fee

The ACD is entitled to a performance fee (the “**Performance Fee**”) in relation to the Fund. The Performance Fee will be paid out of the net assets of the Fund and an equivalent sum will be payable by the ACD to the Investment Manager.

The Performance Fee will be calculated on the basis set out in the Appendix separately in respect of each Investor (as defined below).

The Performance Fee will be calculated and shall accrue at each Valuation Point and the accrual will be reflected in the net asset value (“**NAV**”) per Share of the Fund. The NAV shall be the value of the Scheme Property of the Fund less the liabilities of the Fund as calculated in accordance with the Instrument of Incorporation.

The first period for calculation of the Performance Fee (“**Performance Period**”) shall begin on the launch of the Fund and shall finish on the earlier of (i) the date on which Shares held by, or on behalf of, the relevant Investor (“**Investor Shares**”) are cancelled (a “**Determination Event**”) and (ii) the following 31 March. Subsequent Performance Periods shall be calculated in respect of each period beginning immediately after the end of the preceding Performance Period and ending on the earlier of (i) the date of the next Determination Event and (ii) the following 31 March.

The Performance Fee will be paid as soon as practicable after the close of business on the Business Day following the end of the relevant Performance Period.

The Performance Fee for each Performance Period shall be equal to 20% of the amount, if any, by which the aggregate NAV before Performance Fee accrual of the Investor Shares exceeds the High Water Mark (“**HWM**”) applicable to those Investor Shares on the last Business Day of the Performance Period. The Performance Fee with respect to each Performance Period will crystallise, accumulate and also be paid annually in arrears, except that any accrued Performance Fee with respect to any Shares that are cancelled will crystallise at the point of cancellation.

Subject to the provisions set out below in respect of a further issue of Investor Shares, HWM means, in respect of the initial Performance Period of the Fund, the aggregate of the offer price of each Share issued to an Investor multiplied by the number of Investor Shares of the Fund issued to that Investor during the initial Performance Period. For each subsequent Performance Period following one in which no Determination Event occurred, the HWM means either (i) where a Performance Fee was payable in respect of the prior Performance Period, the aggregate NAV of the Investor Shares at the end of the prior Performance Period; or (ii) where no Performance Fee was payable in respect of the prior Performance Period, the HWM applicable to the Investor Shares at the end of the prior Performance Period.

For each Performance Period of the Fund following one in which a Determination Event occurred, the HWM shall be the HWM applicable to the Investor Shares immediately prior to that Determination Event, adjusted by the percentage which the aggregate NAV of the Investor Shares immediately before the Determination Event has been reduced, or increased, as a result of that Determination Event.

If further Investor Shares are issued, then (i) the Performance Fee (if any) shall accrue in respect of the Investor's holding of Investor Shares immediately before that issue; and (ii) the HWM applicable to the Investor Shares shall be increased by an amount equal to the aggregate of the amount subscribed for the newly issued Investor Shares.

For the avoidance of doubt any underperformance versus the HWM will be carried forward from one Performance Period to the next and must be recouped before any additional Performance Fee will accrue.

An Investor ("**Investor**") means the registered owner of a Share, except in cases where the ACD is aware that the registered holder is holding the Shares as trustee or nominee for an underlying beneficial owner, in which case that underlying beneficial owner shall be treated as the Investor.

Gross Asset Value ("**GAV**") means the net asset value of the Investor Shares before accounting for the payment of any Performance Fee.

There is no maximum amount of the Performance Fee.

The Performance Fee shall be calculated by the Administrator.

Examples of the calculation of the Performance Fee in various circumstances are set out below:

Example 1:

Scenario: NAV decreases during the initial Performance Period

Result: Performance Fee is not paid

Detail: In this example:

- an investor purchases 1000 Shares at an opening NAV of 100p at the beginning of the initial Performance Period (at which point the HWM becomes £1,000); and
- the closing GAV decreases to £900.

In this situation, no Performance Fee is payable.

The closing NAV is £900. The HWM remains £1,000.

Example 2:

Scenario: NAV increases during the initial Performance Period

Result: Performance Fee is paid

Detail: In this example:

- an investor purchases 1000 Shares at an opening NAV of 100p at the beginning of the initial Performance Period (at which point the HWM becomes £1,000); and
- the closing GAV increases to £1,100.

In this situation, a Performance Fee is payable and is calculated as follows: performance (£100) x Performance Fee (20%) = £20.

The closing NAV is £1,080 which becomes the new HWM.

Example 3:

Scenario: NAV is at the HWM and decreases after the initial Performance Period

Result: Performance Fee is not paid

Detail: In this example:

- an investor holds 1,000 Shares at an opening NAV of £1,080 at the beginning of the Performance Period (at which point the HWM is also £1,080); and
- the closing GAV decreases to £900.

In this situation, no Performance Fee is payable.

The closing NAV is £900. The HWM remains £1,080.

Example 4:

Scenario: NAV below the HWM and increases above the HWM

Result: Performance Fee is paid but only on the amount of NAV above the HWM

Detail: In this example:

- an investor holds Shares at an opening NAV of £900 at the beginning of the Performance Period (at which point the HWM is £1,080); and
- the closing GAV increases to £1,200.

Therefore a Performance Fee is payable and is calculated as follows: performance above HWM ($£1,200 - £1,080$) = £120. Performance Fee is $£120 \times 20\% = £24$.

The closing NAV is £1,176 which is the new HWM.

Example 5:

Scenario: An Investor realises Shares in a period during which NAV rises above the HWM

Result: Performance Fee is paid and the HWM is recalculated

Detail: In this example:

- an Investor holds 1,000,000 Shares at an aggregate opening NAV of £1,000,000 at the beginning of the Performance Period (at which point the HWM is also £1,000,000);
- the aggregate GAV of the Investor Shares increases to £1,100,000;
- the Investor redeems Shares with an aggregate NAV of £1,000,000.

In this situation, a Performance Fee is payable and is calculated as follows:

Performance (£100,000) x Performance Fee (20%)

= £20,000 x percentage of Investor Shares realised (90.909%) = £18,181.82.

The HWM is recalculated as follows:

Aggregate NAV of remaining Investor Shares = £100,000 x percentage of original Investor Shares remaining (9.0909%) = £9,090.90.

Example 6:

Scenario: An Investor subscribes for additional Shares in a period during which NAV rises above the HWM

Result: A Performance Fee is accrued and the HWM is recalculated

Detail: In this example:

- an Investor holds 1,000,000 Shares at an opening NAV of £1,000,000 at the beginning of the Performance Period (at which point the HWM is also £1,000,000);
- the aggregate GAV of the Investor Shares increases to £1,100,000;
- the investor subscribes for additional Shares with an aggregate NAV of £1,000,000.

In this situation, a Performance Fee is payable on the Investor's existing shareholding and is calculated as follows:

Performance (£100,000) x Performance Fee (20%) = £20,000

This Performance Fee is accrued at this point.

The HWM is calculated as follows: original HWM (£1,000,000) + aggregate NAV of newly subscribed shares (£1,000,000) = £2,000,000.

APPENDIX C: Historical Performance Data

This performance information is for distributing shares and is net charges (subscription and redemption fees) but does not include the effect of any preliminary charge that may be paid on the purchase of an investment. Please note that all performance information is at 31 March 2023. For more up-to-date performance information, please contact the ACD.

2019	2020	2021	2022	2023
-22.21%	-26.39%	-1.02%	-10.05%	22.26%

NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM CAN GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED.

APPENDIX D: The Company's Investment and Borrowing Powers

1. Application

The Scheme Property of a Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in the Fund's investment policy, this Prospectus and the limits set out in Chapter 8 of COLL Sourcebook ("COLL 8") which apply to the Company, the ACD and the Depositary.

- (1) Where this Appendix refers to a second scheme, and the second scheme is a feeder scheme, which (in respect of investment in units in collective investment schemes) is dedicated to units in a single collective investment scheme, the reference in this Appendix to the second scheme must be read as if it were a reference to any scheme into which the feeder scheme's master scheme invests.
- (2) Where this Appendix refers to a second scheme, and the second scheme is a master scheme to which (in respect of investment in units in collective investment schemes) the relevant qualified investor scheme is dedicated, the reference in this Appendix to the second scheme must be read as if it were a reference to any scheme into which that master scheme invests.

2. Spread of risk

The ACD must take reasonable steps to ensure that the Scheme Property of each Fund provides a spread of risk, taking into account the investment objectives and policies of the Fund, and in particular, any investment objective as regards return to the Shareholders (whether through capital appreciation or income or both).

3. Investment powers: general

- (1) The Scheme Property may, subject to the rules in COLL 8, comprise any assets or investments to which it is dedicated.
- (2) The instrument constituting the Company and this prospectus may further restrict:
 - (a) the kinds of assets in which the Scheme Property may be invested;
 - (b) the types of transactions permitted and any relevant limits; and
 - (c) the borrowing powers of the Funds.

4. Qualified investor schemes: general

Subject to the investment objective and policy of a Fund, the Scheme Property must, except where otherwise provided by COLL 8, consist only of any specified investment:

- (a) within articles 74 to 86 of the Regulated Activities Order; and/or
- (b) within article 89 (Rights to or interests in investments) of the Regulated Activities Order where the right or interest relates to a specified investment within (a).

5. **Money market funds**

For a Fund which operates as a money market fund or short-term money market fund, the ACD must satisfy the conditions in COLL 5.9.3 R and COLL 5.9.5 R respectively.

Approved money market instruments held within a Fund which is a short-term money market fund or money market fund must also satisfy the criteria in COLL 5.2.7F R to COLL 5.2.7H R.

6. **Investment in collective investment schemes**

- (1) A Fund may invest in units in a scheme (a "Second Scheme") only if the Second Scheme is:
 - (a) a regulated collective investment scheme; or
 - (b) a scheme not within (a) where the ACD has taken reasonable care to determine that:
 - (i) it is the subject of an independent annual audit conducted in accordance with international standards on auditing;
 - (ii) the calculation of the net asset value of each of the Second Schemes and the maintenance of their accounting records is segregated from the investment management function;
 - (iii) (unless it is a master scheme to whose units the relevant qualified investor scheme is dedicated) it is prohibited from investing more than 15% of its value in units of schemes or, if there is no such prohibition, the qualified investor scheme's authorised fund manager is satisfied, on reasonable grounds and after making all reasonable enquiries, that no such investment will be made; and
 - (iv) it operates in accordance with the principle of risk spreading as described in COLL 8.4.2 R.
- (2) A Fund must not invest more than 20% in value of the Scheme Property in units in Second Schemes which are unregulated schemes or qualified investor schemes unless the ACD has carried out appropriate due diligence on each of the second schemes and has

taken reasonable care to determine that, after making all reasonable enquiries and on reasonable grounds, the Second Scheme complies with relevant legal and regulatory requirements.

- (3) The ACD of a Fund with more than 20% in value of the Scheme Property invested in one or more Second Schemes which are unregulated schemes or qualified investor schemes must carry out appropriate due diligence on those schemes on an ongoing basis.

7. Investment in a collective investment scheme that is an umbrella

Where the Second Scheme is an umbrella, the provisions in COLL 8.4.5 R apply to each Fund as if it were a separate scheme.

- (1) The guidance at COLL 5.7.11 G applies to the ACD carrying out due diligence for the purpose of COLL 8.4.5 R, as if that guidance related to COLL 8.4.5 R.
- (2) Where COLL 5.7.11G (10) refers to COLL 6.3 (Valuation and pricing), that reference should be read as if it were a reference to COLL 8.5.9 R (Valuation, pricing and dealing).
- (3) In addition to the guidance at COLL 5.7.11 G the ACD should, as part of its due diligence process, consider whether the property of each of the Second Schemes is held in safekeeping by a third party, which is subject to prudential regulation and independent of the investment manager of the Second Scheme and, if not, what controls over the property of the Second Scheme are in place to protect investors.

8. Delivery of property under a transaction in derivatives or a commodities contract

- (1) The ACD must take reasonable care to determine the following when entering into any transaction in derivatives or any commodity contract which may result in any asset becoming part of the Scheme Property:
 - (a) if it is an asset in which the Scheme Property could be invested, that the transaction:
 - (i) can be readily closed out; or
 - (ii) would at the expected time of delivery relate to an asset which could be included in the Scheme Property under the rules in this Appendix; or
 - (b) in any other case that the transaction can be readily closed out.
- (2) The ACD may acquire an asset within (1) if its determination has proved incorrect and if it determines that acquisition is in the interests of the Shareholders, provided it has the consent of the Depositary.

- (3) Any asset within (1) acquired in accordance with (2) may form part of the Scheme Property despite any other rule in COLL 8 until the position can be rectified.

9. Cover for transactions in derivatives and forward transactions

- (1) A transaction in derivatives or a forward transaction may be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person, is covered globally under (2).
- (2) Exposure is globally covered if adequate cover from within the scheme property is available to meet the scheme's total exposure taking into account any reasonably foreseeable market movement.
- (3) The total exposure relating to derivatives held in a qualified investor scheme may not exceed the net value of the scheme property.
- (4) No element of cover may be used more than once.

10. Valuation of an OTC derivative

A transaction in an OTC derivative must be capable of valuation which it will only be 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 the pricing model; or
- (2) on some other reliable basis reflecting an up-to-date market value;

which has been agreed between the ACD and the Depositary.

11. Continuing nature of limits and requirements

- (1) The ACD must, as frequently as necessary to ensure compliance with COLL 8.4.7 R (2) and COLL 8.4.7 R (4), re-calculate the amount of cover required in respect of derivatives and forwards positions in existence under COLL 8.
- (2) Derivatives and forwards positions may be retained in the scheme property only so long as they remain covered globally under COLL 8.4.7 R.
- (3) The ACD must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a scheme's derivatives positions and their contribution to the overall risk profile of the scheme.

12. Permitted stock lending

- (1) The Company, or the Depositary at the request of the Company, may enter into a repo contract or a stock lending arrangement within

section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C).

- (2) The Depositary must ensure that the value of any collateral, for the stock lending arrangement is at all times at least equal to the value of the securities transferred by the Depositary.
- (3) In the case of the expiry of validity of any collateral, the duty in (2) is satisfied if the Depositary or the ACD, as appropriate, takes reasonable care to determine that sufficient collateral will be transferred by close of business on the day of expiry.

13. **General power to borrow**

- (1) The Company may borrow money for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- (2) The ACD must ensure that the Fund's borrowing does not, on any day, exceed 100 % of the net value of the Scheme Property and must take reasonable care to ensure that arrangements are in place that will enable borrowings to be closed out to ensure such compliance.
- (3) In this Appendix "borrowing" also includes any arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- (4) Where the limit in (2) is breached, the ACD must take action in accordance with the principles set out in COLL 8.5.3 R (3) to COLL 8.5.3 R (5), to deal with that breach.

APPENDIX E

PART I

Eligible Securities and Derivatives Markets

The Company may deal through the securities markets indicated below.

United States of America	NYSE Euronext New York The NASDAQ Stock Market (NASDAQ) NYSE Amex Equities The market in transferable securities issued by or on behalf of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers
Australia	Australian Securities Exchange (ASX)
Canada	Toronto Stock Exchange (TSX) TSX Venture Exchange
Hong Kong	Hong Kong Stock Exchange
India	National Stock Exchange of India (NSE)
Indonesia	Indonesian Stock Exchange
Japan	Tokyo Stock Exchange Nagoya Stock Exchange
Korea	Korea Exchange (KRX)
Mexico	Bolsa Mexicana de Valores (BMV)
New Zealand	New Zealand Stock Exchange (NZX)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange (SWX)
Taiwan	Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand (SET)
Eligible Derivatives Markets:	
United Kingdom	The London International Financial Futures and Options Exchange (NYSE LIFFE)

PART II:
List of Sub-Custodians (as at the date of this Prospectus)

MARKET	SUBCUSTODIAN
Argentina	Citibank N.A. Argentina Branch.
Australia	Citigroup Pty Limited
Austria	Raiffeisen Bank International AG
Bahrain	Standard Chartered Bank, DIFC Branch
Bangladesh	Standard Chartered Bank
Belgium	Citibank Europe Plc
Bermuda	Citibank N.A.
Bosnia & Herzegovina	Raiffeisen Bank International AG
Botswana	Standard Chartered Bank, DIFC Branch
Brazil	Citibank, N.A. – Filial Brasileira (Brazilian Branch)
Bulgaria	Raiffeisen Bank International AG
Canada	Trust clients: RBC IS Trust Canada Bank clients: Royal Bank of Canada
Chile	Banco de Chile
China B Shares (Shanghai)	Standard Chartered Bank (China) Limited
China B Shares (Shenzhen)	Standard Chartered Bank (China) Limited
China A Shares	Standard Chartered Bank (China) Limited
Colombia	Cititrust Colombia S.A.
Costa Rica	Citibank N.A.
Croatia	Raiffeisen Bank International AG
Cyprus	Citibank Europe Plc, Greece Branch
Czech Republic	Raiffeisen Bank International AG
Denmark	Citibank Europe Plc
Egypt	Citibank N.A. Egypt
Estonia	Clearstream Banking S.A.
Finland	Citibank Europe Plc
France	Citibank Europe Plc
Germany	Citibank Europe Plc
Georgia	Citibank N.A.
Ghana	Standard Chartered Bank, DIFC Branch
Greece	Citibank Europe Plc, Greece Branch
Hong Kong	Standard Chartered Bank (Hong Kong) Limited Hong Kong Connect: Citibank, N.A., Hong Kong Branch
Hungary	Raiffeisen Bank International AG
Iceland	Islandsbanki hf

MARKET	SUBCUSTODIAN
ICSD	Clearstream Banking S.A.
India	Standard Chartered Bank
Indonesia	Standard Chartered Bank
Ireland	Citibank N.A., London Branch
Israel	Citibank N.A Israel
Italy	Citibank Europe Plc
Jamaica	Citibank N.A.
Japan	Citibank N.A., Tokyo Branch
Jordan	Standard Chartered Bank, DIFC Branch
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank, DIFC Branch
Kuwait	Citibank, N.A. Kuwait Branch
Latvia	Clearstream Banking S.A.
Lithuania	Clearstream Banking S.A.
Luxembourg	Clearstream Banking S.A.
Macedonia	Citibank N.A.
Malaysia	Standard Chartered Bank Malaysia Berhad
Mauritius	Standard Chartered Bank, DIFC Branch
Mexico	Citibanamex Securities Services
Morocco	Societe General Marocaine de Banques
Namibia	Citibank N.A.
Netherlands	Citibank Europe Plc
New Zealand	Citibank N.A. New Zealand Branch
Nigeria	Standard Chartered Bank, DIFC Branch
Norway	Citibank Europe Plc
Oman	Standard Chartered Bank, DIFC Branch
Pakistan	Standard Chartered Bank, DIFC Branch
Panama	Citibank N.A.
Peru	Citibank del Peru S.A.
Philippines	Standard Chartered Bank
Poland	Bank Polska Kasa Opieki S.A.
Portugal	Citibank Europe Plc
Qatar	Standard Chartered Bank, DIFC Branch
Romania	BRD - Groupe Societe Generale
Russia	Raiffeisen Bank International AG
Saudi Arabia	HSBC Saudi Arabia
Serbia	Raiffeisen Bank International AG
Singapore	Standard Chartered Bank
Slovak Republic	Raiffeisen Bank International AG

MARKET	SUBCUSTODIAN
Slovenia	Raiffeisen Bank International AG
South Africa	Standard Chartered Bank, DIFC Branch
South Korea	Standard Chartered Bank Korea Limited
Spain	Citibank Europe Plc
Sri Lanka	Standard Chartered Bank
Sweden	Citibank Europe Plc, Sweden Branch
Switzerland	Credit Suisse AG
Taiwan	Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank, DIFC Branch
Thailand	Standard Chartered Bank (Thai) Pcl
Tunisia	Societe Generale Securities Service UIB Tunisia
Turkey	Citibank A.S.
UAE - Abu Dhabi	Standard Chartered Bank, DIFC Branch
UAE - Dubai	Standard Chartered Bank, DIFC Branch
UAE - Nasdaq Dubai Ltd	Standard Chartered Bank, DIFC Branch
Uganda	Standard Chartered Bank, DIFC Branch
UK	Citibank N.A., London Branch
Ukraine	JSC Citibank
Uruguay	Citibank N.A.
USA	The Bank of New York Mellon
Vietnam	Standard Chartered Bank, DIFC Branch
WAEMU (West African Economic and Monetary Union, including Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo)	Standard Chartered Bank, DIFC Branch
Zambia	Standard Chartered Bank, DIFC Branch

APPENDIX F:

**Directors of the ACD; and details of other Funds of which the ACD is authorised
fund manager or investment manager**

Directors of the ACD and their Significant Business Activities Not Connected with the business of the Company	
Anne Laing	None
Jeremy Brettell	Non Executive Director: - Integralife UK Limited - Integrated Financial Arrangements Ltd - Wesleyan Bank Ltd - Anderson Strathern Asset Management Ltd
Aidan O'Carroll	- Chair of Revenue Scotland - Non Executive Director: Hillhouse Estates Limited; ABE Global Ltd
Andrew Lewis	None
John Brett	Director: - Royal London Unit Trust Managers Limited; - RLUM Limited; - Anderson Strathern Asset Management Ltd
Adrian Bond	None

Authorised collective investment schemes of which the ACD is the authorised fund manager			
Name	Place of registration	Registration number	Product Reference
Alligator Fund ICVC	England and Wales	IC000203	407790
Moray Place Investment Company*	Scotland	IC000934	573760
The Beagle Fund*	England and Wales	IC000789	505177
The Discovery Fund	England and Wales	IC000365	413970
The Mulben Investment Funds	England and Wales	IC000816	516628
The Prestney Fund	England and Wales	IC000175	407766
The Teal Fund	England and Wales	IC000257	227831
The VT Cindabella Fund	England and Wales	IC001049	714901
The VT Oxeye Funds**	England and Wales	IC001063	743815
Valu-Trac Investment Funds ICVC	Scotland	IC000953	581955
Valu-Trac Proprietary Funds ICVC*	Scotland	IC000986	605631
VT AI-FUNDS ICVC	England and Wales	IC016426	913889
VT AJ Bell ICVC	England and Wales	IC001082	769363
VT Argonaut Funds	England and Wales	IC000943	576956
VT Asset Intelligence Fund Solutions ICVC*	England and Wales	IC035155	940231
VT Astute Funds ICVC	England and Wales	IC029376	928663
VT Avastra Funds	England and Wales	IC000854	532059
VT Blackfinch Funds ICVC	England and Wales	IC026707	925120

VT Brompton Funds ICVC	England and Wales	IC001077	762880
VT Cantab Funds ICVC	England and Wales	IC001114	808050
VT Cape Wrath Focus Fund*	England and Wales	IC001061	741524
VT Chelsea Managed ICVC	England and Wales	IC001085	773989
VT Clear Peak Capital ICVC	England and Wales	IC011866	841768
VT Contra Capital Funds ICVC	England and Wales	IC021606	918272
VT Dominion Holdings ICVC*	England and Wales	IC001093	778841
VT Downing Investment Funds ICVC	England and Wales	IC000824	521374
VT Downing Investor Funds ICVC	England and Wales	IC024590	921279
VT DOWNING FOX FUNDS ICVC	England and Wales	IC154903	997031
VT EPIC Investment Funds ICVC	England and Wales	IC000935	573884
VT EPIC Investment Fund Series II	England and Wales	IC000025	188718
VT EPIC Investment Fund Series III	England and Wales	IC000584	472521
VT Esprit FS ICVC	England and Wales	IC001105	794635
VT Freedom UCITS OEIC	England and Wales	IC031441	932492
VT Garraway Investment Fund Series IV	England and Wales	IC000534	465988
VT Gravis UK Listed Property (Feeder) Fund	England and Wales	Unit Trust	913629
VT Gravis Funds ICVC	England and Wales	IC001055	724240
VT Gravis Real Assets Fund	England and Wales	IC016070	913626
VT Greystone ICVC	England and Wales	IC000403	434235
VT Greystone Cautious Managed ICVC*	England and Wales	IC000407	435265

VT Greystone Conservative Managed ICVC*	England and Wales	IC000533	465365
VT Halo Funds ICVC	England and Wales	IC001018	629070
VT Holland Advisors Funds ICVC	England and Wales	IC040266	947634
VT Johnston Financial Funds ICVC	England and Wales	IC027796	926097
VT KMGIM Strategies ICVC	England and Wales	IC016648	914127
VT Momentum Investment Funds	England and Wales	IC000851	531222
VT Momentum Investment Funds II	England and Wales	IC000342	407990
VT Munro Smart-Beta Fund	England and Wales	IC000551	467964
VT North Capital Funds ICVC	England and Wales	IC026575	924848
VT Plain English Finance Funds ICVC	England and Wales	IC001096	782737
VT PortfolioMetrix GBP Funds ICVC	England and Wales	IC035161	940234
VT Portfolio Solutions ICVC	England and Wales	IC030801	931577
VT PPM Investment Funds	England and Wales	IC017239	914471
VT Price Value Partners Funds ICVC	England and Wales	IC001033	671132
VT Redlands Fund	England and Wales	IC001043	694999
VT Redlands NURS ICVC*	England and Wales	IC001089	776548
VT RM Funds ICVC	England and Wales	IC001108	800855
VT Rossie House Investment Management Funds ICVC*	England and Wales	IC000991	607962
VT SG Defined Return Assets ICVC	England and Wales	IC001097	784172
VT Sinfonia OEIC	England and Wales	IC000624	478014
VT Smartfund ICVC	England and Wales	IC001012	621247

VT Sorbus Vector Funds ICVC	England and Wales	IC001059	731963
VT Tatton Oak ICVC	England and Wales	IC000737	494501
VT Teviot Funds ICVC	England and Wales	IC001094	780433
VT 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

Funds of which the ACD is investment manager	
The Newmarket Africa Master Fund Limited (a fund registered in the Cayman Islands)	OG-290374
The Newmarket Africa Fund Limited (a fund registered in the Cayman Islands)	OG-290372

APPENDIX G:
List of Issuers of Government and Public Securities in which the Company May
Invest up to 100% of the Scheme Property of Each Fund

These are the only public bodies in which the Company may invest more than 35% of the assets of each Fund.

Government and public securities issued by or on behalf of the government of the following states and international organisations:

States

Australia	Japan
Austria	Liechtenstein
Belgium	Luxembourg
Canada	Netherlands
Denmark	New Zealand
Finland	Norway
France	Portugal
Germany	Spain
Greece	Sweden
Iceland	Switzerland
Ireland	United Kingdom
Italy	United States

International Organisations

Asian Development Bank (ADB)

Council of Europe Development Bank

Deutsche Ausgleichsbank (DTA)

Eurofima

European Bank for Reconstruction and Development (EBRD)

International Finance Corporation (IFC)

Kreditanstalt Für Wiederaufbau (KFW)

Nordic Investment Bank (NIB)

DIRECTORY

The Company and Head Office:

The VT Oxeye Funds
Orton
Moray IV32 7QE

Authorised Corporate Director:

Valu-Trac Investment Management Limited
Orton
Moray IV32 7QE

Registrar and Administrator:

Valu-Trac Investment Management Limited
Orton
Moray IV32 7QE

Depository:

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

Custodian:

RBC Investor Services Trust (UK Branch)
Riverbank House
Swan Lane
London
EC4R 3AF

Investment Manager:

Oxeye Capital Management Limited
47 High Street
Salisbury Wiltshire
SP1 2PB

Auditor:

Johnston Carmichael LLP
Commerce House
South Street
Elgin
IV30 1JE