

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

Evelyn Partners Fund Solutions Limited, the manager of the Trust, 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. Evelyn Partners Fund Solutions Limited accepts responsibility accordingly.

**PROSPECTUS**  
**OF**  
**THE ILEX FUND**

**(A UCITS scheme with FCA Product Reference Number: 225069)**

This document constitutes the Prospectus for The Ilex Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated and is valid as at 31 March 2023.

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

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## **Important Information**

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

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Units in the Sub-Funds. Investors should only consider investing in the Sub-Funds if they understand the risks involved including the risk of losing all capital invested.

All communications in relation to this Prospectus shall be in English.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Trust to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

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

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

The provisions of the Trust Deed are binding on each of the Unitholders and a copy of the Trust Deed is available on request from Evelyn Partners Fund Solutions Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 as amended, by Evelyn Partners Fund Solutions Limited.

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

This Prospectus is based on information, law and practice at the date hereof. The Trust and the Manager cannot be bound by an out of date Prospectus when a new version has been issued and investors should check with Evelyn Partners Fund Solutions Limited that this is the most recently published prospectus.

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

**1 DEFINITIONS**

**“Act”** the Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time

**“Approved Bank”** (in relation to a bank account opened by the Manager):

- (a) if the account is opened at a branch in the United Kingdom:
  - (i) the Bank of England; or
  - (ii) the central bank of a member state of the OECD; or
  - (iii) a bank; or
  - (iv) a building society; or
  - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (b) if the account is opened elsewhere:
  - (i) a bank in (a); or
  - (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
  - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or

(iv) a bank supervised by the South African Reserve Bank

<b>“Auditor”</b>	Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Trust from time to time
<b>“Business Day”</b>	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Trust’s portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such
<b>“Class” or “Classes”</b>	in relation to Units, means (according to the context) a particular class or classes of Unit
<b>“Client Money”</b>	Client money means any money that a firm receives from or holds for, or on behalf of, a unitholder in the course of, or in connection with, its business unless otherwise specified
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“the COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended
<b>“Dealing Day”</b>	Wednesday of each week, except in the week when the last Business Day of the month falls, when the Dealing Day will be the last Business Day of the month only
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area
<b>“Efficient Portfolio Management” or “EPM”</b>	for the purposes of this prospectus, an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or

generation of additional income with an acceptably low level of risk, as more fully described in Appendix IV

**“Eligible Institution”**

one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook

**“EMT”**

European MiFID Template

**“the FCA”**

the Financial Conduct Authority, or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;

**“FCA Regulations”**

the rules contained in the Collective Investment Schemes Sourcebook (COLL) as part of the FCA Rules as they may be amended or updated from time to time;

**“FCA Rules”**

the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);

**“the FCA Register”**

the public record, as required by section 347 of the Financial Conduct and Markets Act 2000 (The public record) of every:

- (a) authorised person;
- (b) AUT;
- (c) ICVC;

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

except as provided by any transitional provisions

**“Home State”**

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

has no registered office, the EEA State in which that body's head office is situated

- (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights)

**“Investment Manager”**

Wren Investment Office Limited, the investment manager to the Manager in respect of the Sub-funds of the Trust

**“Manager”**

Evelyn Partners Fund Solutions Limited, the Manager of the Trust

**“MiFID II”**

Markets in Financial Instruments Directive, effective from 3 January 2018

**“NAV” or “value”**

the value of the Scheme Property of the Trust (or, where the context requires, such part of the Scheme Property as is attributable to a particular Sub-fund) less the liabilities of the Trust (or such liabilities as are attributable to that Sub-fund as the case may be) as calculated in accordance with the Trust Deed

**“Register”**

the register of Unitholders of the Trust

**“Registrar”**

Evelyn Partners Fund Solutions Limited, or such other entity as is appointed to act as Registrar to the Trust from time to time

**“Regulated Activities Order”**

the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended

**“Regulations”**

the FCA Handbook (including the COLL Sourcebook)

**“Scheme Property”**

the scheme property the Trust (or where the context requires such part of the scheme property of the Trust as is attributable to a particular Sub-fund) required under the COLL



	Sourcebook to be given for safekeeping to the Trustee
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Sub-fund”</b>	a sub-fund of the Trust and as is more particularly detailed in Appendix 1
<b>“Switch”</b>	the exchange where permissible of Units of one Sub-fund or fund for Units of another Sub-fund or fund
<b>“Trust Deed”</b>	the trust deed constituting the Trust, as amended from time to time in accordance with the COLL Sourcebook
<b>“Trust”</b>	The Ilex Fund
<b>“Trustee”</b>	NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Trustee
<b>“UCITS scheme”</b>	a scheme constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK)
<b>“Unit” or “Units”</b>	a unit or units in a Sub-fund
<b>“Unitholder”</b>	a holder of registered Units in a Sub-fund
<b>“Valuation Point”</b>	the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. The current Valuation Point is 5.00 p.m. London time on each Dealing Day, with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually, where the valuation may be carried out at a time

agreed in advance between the Manager and the  
Trustee

“VAT”

value added tax

## 2 DETAILS OF THE TRUST

### 2.1 General Information

#### 2.1.1 General

The Ilex Fund (the Trust) is a unit trust authorised by the Financial Conduct Authority with effect from 30 June 2003. The Trust has an unlimited duration.

Approval by the FCA in this context refers only to approval under the Act and does not in any way indicate or suggest endorsement or approval of the Sub-Funds as an investment.

Unitholders are not liable for the debts of the Trust. A Unitholder is not liable to make any further payment to the Trust after he has paid the price on purchase of the Units.

The Manager is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix VI.

#### 2.1.2 Base Currency

The base currency of the Trust is Pounds Sterling.

The value of the Scheme Property attributable to, prices of Units of and payments made in respect of each Sub-fund shall be calculated or made in the base currency of the Trust.

#### 2.1.3 Units

Units in the Sub-funds may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the Manager so decides.

The Sub-funds are designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Sub-funds may harm performance by disrupting portfolio management strategies and by increasing expenses. The Manager may at its discretion refuse to accept applications for, or switching of Units, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Trust. For these purposes, the Manager may consider an

investor's trading history in the Trust or other Evelyn Partners Fund Solutions Limited funds and accounts under common ownership or control.

## **2.2 The Structure of the Trust**

### **2.2.1 The Trust**

The Trust is an umbrella unit trust scheme and is a UCITS scheme for the purposes of the Regulations.

The Trust is structured as an umbrella in that Units representing interest in different Sub-funds may be issued from time to time by the Trustee as instructed by the Manager. The details of the Trust's Sub-funds are set out in Appendix 1.

Investment of the assets of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the particular Sub-fund. Details of the Sub-funds, including each Sub-fund's investment objective and policy, are set out in Appendix I.

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

### **2.2.2 Units**

#### **Classes of Units within the Trust**

The rights represented by Units are those of a beneficial interest under a trust.

Units do not carry preferential or pre-emptive rights to acquire further Units.

Further Classes of Unit may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

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

Sub-funds may issue income and accumulation Units. Further details of the Units presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I.

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

Holders of accumulation Units are not entitled to be paid the income attributed to such Units, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Unit.

The Trust Deed allows gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units, but currently no gross Units are in issue. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of income Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Manager. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Manager. All references in this Prospectus are to net Units unless otherwise stated.

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

Unitholders are entitled (subject to certain restrictions) to Switch all or part of their Units in a Class for Units of another Class. A Unitholder may also switch some or all of their Units in one Sub-fund for Units in another Sub-fund. Details of this switching facility and the restrictions are set out in paragraph 2.7 “Switching”.

### **2.3 Client Money**

As required by the FCA’s client money rules, the Manager will hold money received from clients or on the client’s behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

No interest payment will be made on client money held by the Manager. Client money will be held in a designated client money account with NatWest Group plc.

The Manager will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that unitholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The Manager is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the Manager is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

## **BUYING, REDEEMING AND SWITCHING UNITS**

The dealing office of the Manager is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of Units, which will be effected at prices determined at the next Valuation Point following receipt of such request. Telephone calls may be recorded for training and monitoring purposes. The Manager may also, at its discretion, introduce further methods of dealing in Units in the future. The initial purchase must, at the discretion of the Manager, be accompanied by an application form.

The Manager may accept instructions to buy Units by electronic communication. Electronic communication does not include email.

Telephone calls will be recorded. The Manager may also, at its discretion, introduce further methods of dealing in Units in the future.

In its dealings in Units the Manager is dealing as principal. The Manager does not actively seek to make a profit from dealing in Units as principal but does so in order to facilitate the efficient management of the Sub-funds. The Manager is not accountable to Unitholders for any profit it makes from dealing in Units as principal.

### **2.4 Money Laundering**

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

### **2.5 Buying Units**

#### **2.5.1 Procedure**

Where minimum investment levels allow, units can be bought by sending a completed application form to the Manager's Transfer Agency Team at 206 St Vincent Street, Glasgow G2 5SG, either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the Manager. Application forms are available from the Manager. The Manager will only accept telephone purchases from FCA regulated entities

who may alternatively purchase Units by telephoning the Manager's Transfer Agency Team on 0141 222 1150. FCA regulated entities are required to settle any orders within four Business Days of the Valuation Point. For details of dealing charges see paragraph 2.9 below. Purchases made by telephone are subject to risk limits at the Manager's discretion, and the Manager may at its discretion reject or defer an instruction to purchase Units until it is in receipt of cleared funds for the purchase (when the purchase of Units will be placed at the next valuation point following receipt of cleared funds). An order for the purchase of Units will only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application.

Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

The Manager reserves the right to charge interest at 4% per annum above the prevailing Bank of England Base rate, on the value of any settlement received later than the 4<sup>th</sup> business day following the Valuation Point.

No interest payment will be made on client money held by the Manager, prior to investment in a Sub-fund. Client money will be held in a designated client money account with NatWest Group plc.

Valid applications to purchase Units in a Sub-fund will be processed at the Unit price calculated, in accordance with the Regulations, at the next Valuation Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 2.14.

The Manager, at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than 5 Business Days following the Valuation Point) and any loss arising on such cancellation shall be the liability of the applicant. The Manager is not obliged to issue Units unless it has received cleared funds from an investor.

A purchase of Units in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the Manager has the right to reject, on reasonable grounds



relating to the circumstances of the applicant, any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the Manager may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

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

#### **2.5.2 Documents the Buyer will Receive**

A confirmation giving details of the number and price of Units bought will be sent to the buyer of Units (or the first named Unitholder, in the case of joint Unitholders) no later than the end of the next Business Day following the Valuation Point by reference to which the price is determined.,

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

Certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on Units will show the number of Units held by the Unitholder.

#### **2.5.3 Minimum Subscriptions and Holdings**

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

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

If following a redemption, Switch or transfer, a holding in any Class of Unit should fall below the minimum holding for that Class or Sub-fund, the Manager has the discretion to effect a redemption of that Unitholder's

entire holding in that Sub-fund or Class of Unit. The Manager may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or transfer does not remove this right.

## **2.6 Redeeming Units**

### **2.6.1 Procedure**

Every Unitholder is entitled on any Dealing Day to redeem its Units, which shall be purchased by the Manager dealing as principal.

Valid instructions to the Manager to redeem Units will be processed at the Unit price, calculated in accordance with the Regulations at the next Valuation Point following receipt of the instruction, except in the case where dealing in the Sub-fund has been suspended as set out in paragraph 2.14.

Requests to redeem Shares may be made in writing to the Manager's Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. The Manager may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 222 1150 or by fax. The Manager may accept requests to sell or transfer Shares by electronic communication. Electronic communication does not include email. However, an instruction to the Manager to redeem Units, although irrevocable, may not be settled by the Manager if the redemption represents Units where the money due on the earlier purchase of those Units has not yet been received or if insufficient documentation or anti-money laundering information has been received by the Manager.

Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

For details of dealing charges see paragraph 2.9 below.

### **2.6.2 Documents a Redeeming Unitholder will Receive**

A confirmation giving details of the number and price of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) together with a form of renunciation for completion and execution by the Unitholder (or, in the case of a joint holding, by all the joint Unitholders) no later than the end of the next

Business Day following the later of the request to redeem Units or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made via BACS or telegraphic transfer in accordance with any instruction received (the Manager may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not be accepted.

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

### **2.6.3 Minimum Redemption**

Part of a Unitholder's holding may be redeemed but the Manager reserves the right to refuse a redemption request if the value of the Units to be redeemed is less than the minimum stated in respect of the appropriate Sub-fund or Class in question (see Appendix I).

## **2.7 Switching**

Subject to any restrictions on the eligibility of investors for a particular Sub-fund or fund, a Unitholder may at any time Switch all or some of his Units of one Sub-fund or fund ("the Original Units") for Units of another Sub-fund or fund ("the New Units") in the Trust. The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

A switching of Units in one Sub-fund for fund for another Sub-fund or fund will be treated as a redemption and purchase of Units and will, for a person subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

Switching may be effected by writing to the Manager at 206 St Vincent Street, Glasgow G2 5SG. A switching shareholder must be eligible to hold the shares into which the switch is to be made.

The Manager may at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The Manager may accept

requests to switch Shares by electronic communication. Electronic communication does not include email.

Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

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

The Manager may adjust the number of New Units to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted pursuant to the COLL Sourcebook. A Unitholder who Switches Units in one Sub-fund in any other Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

## **2.8 Conversions**

If applicable, a holder of units in a Unit Class (“Old Class Units”) of a Sub-fund may exchange all or some of his Units for Units of a different Unit Class within the same Sub-fund (“New Class Units”). An exchange of Old Class Units for New Class Units will be processed as a conversion (“Unit Class Conversion”). Unlike a Switch, a conversion of Old Class Units into New Class Units will not involve a redemption and issue of Units. This transaction will not be included in the calculations for Stamp Duty Reserve Tax (see “Taxation” for further details), and for the purposes of Income Equalisation the New Class Units will receive the same treatment as the Old Class Units.

The number of New Class Units issued will be determined by a conversion factor calculated by reference to the respective prices of New Units and Old Units at the

valuation point applicable at the time the Old Class Units are converted to New Class Units.

Unit Class Conversions may be effected by writing to the Transfer Agency Team. A converting Unitholder must be eligible to hold the units into which the Unit Class conversion is to be made. It is the Manager's intention that Unit Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the Manager reserves the right to defer a Unit Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Unitholders. The Manager may accept requests to convert Units by electronic communication. Electronic communication does not include email.

If the Unit Class conversion would result in the Unitholder holding a number of Old Class Units or New Class Units of a value which is less than the minimum holding in the Unit Class concerned, the Manager may, if it thinks fit, convert the whole of the applicant's holding of Old Class Units to New Class Units or refuse to effect any Unit Class conversion of the Old Units.

Please note that, under current tax law, a Unit Class conversion of Units between different classes in the same Sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.

A Unitholder who converts their Unit in one Unit class to units in a different Unit class in the same Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

## **2.9 Dealing Charges**

The price per Unit at which Units are bought, redeemed or switched is calculated in accordance with the Regulations. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### **2.9.1 Initial Charge**

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

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

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

### **2.9.2 Redemption Charge**

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

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

### **2.9.3 Effect of Initial Charge or Redemption Charge**

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

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge or switching charge is calculated is based on the market value rather than the initial value of Units. If the market value of the Units has increased the redemption charge will show a corresponding increase.

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

## **2.10 Transfers**

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

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

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

alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units.

If it comes to the notice of the Manager that any Units (“affected Units”):

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

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

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

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

## **2.12 Issue of Units in Exchange for In Specie Assets**

The Manager may at its discretion, arrange for Units in a Sub-fund to be issued in exchange for assets other than cash, but will only do so where the Trustee has taken

reasonable care to determine that the Sub-fund's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

The Manager will not issue Units in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the relevant Sub-fund.

### **2.13 In Specie Redemptions**

If a Unitholder requests the redemption of Units in a Sub-fund the Manager may, where it considers the deal to be substantial in relation to the total size of the Sub-fund or in some way detrimental to the Sub-fund, arrange, having given prior notice in writing to the Unitholder, that, in place of payment for the Units in cash, the Sub-fund transfers property or, if required by the Unitholder, the net proceeds of sale of the relevant property, to the Unitholder. Before the redemption proceeds of the Units become payable, the Manager must give written notice to the Unitholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Unitholder so that the Unitholder can require the net proceeds of redemption rather than the relevant property if he so desires.

For this purpose, the Manager may consider a deal to be substantial if the relevant Units constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue of the relevant Sub-fund.

The Manager will select the property to be transferred or sold in consultation with the Trustee. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Unitholder requesting the redemption than to the continuing Unitholders.

### **2.14 Suspension of Dealings in the Trust**

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of Units in any or all of the Sub-funds where due to exceptional circumstances it is in the interests of all the Unitholders in the relevant Sub-fund(s) to do so.

The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

The Manager or the Trustee (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Units in the Sub-fund are offered for sale.



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

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

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

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

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

#### **2.15 Large Deals**

Any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a “large deal”. For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem units at less than, the published price (see paragraph 3.2 below).

#### **2.16 Governing Law**

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

### **3 VALUATION OF THE TRUST**

#### **3.1 General**

The Sub-funds will be valued on each Dealing Day in accordance with the provisions set out in Appendix III. The value per Unit in a Sub-fund is currently calculated at 5.00 p.m. (London time) (this being the Valuation Point) on each Dealing Day.

#### **3.2 Calculation of the Value**

Valuations of the Sub-funds will take place on each Dealing Day at the Valuation Point for the purposes of determining prices of which Units may be bought or sold to the

Manager being calculated on an offer basis (for the purposes of calculating the issue price of a Unit) or a bid basis (for the purposes of calculating the cancellation price of a Unit) respectively. The price at which the Manager sells Units (the offer price) may not exceed the issue price of units plus the Manager's initial charge. The price at which the Manager redeems Units (the bid price) will not be less than the cancellation price (less any redemption charge and any SDRT provision). The bid price will not exceed the relevant issue price.

Large deals (see paragraph 2.15) may be carried out at a higher offer price or a lower bid price than those published, provided these prices do not exceed the relevant maximum and minimum parameters set out in the paragraph above.

The Manager may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The Manager shall inform the Trustee 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 Manager 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.

For the purposes of calculating the Manager's and Trustee's periodic charges the Scheme Property is valued on a mid-market basis, for the purposes of calculating the investment limits the Scheme Property is valued on a bid basis.

The Manager will, upon completion of each valuation, notify the Trustee of the issue price, the cancellation price, the maximum offer price and the minimum bid price of Units, of each Class.

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

### **3.3 Price per Unit in each Class**

The price per Unit at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant class in issue immediately before that valuation, dividing the total by that number of Units. The maximum price per unit at which units are sold is the sum of the Net Asset Value

of a unit and any initial charge. The price per unit at which shares are redeemed is the Net Asset Value per unit less any applicable redemption charge SDRT on a specific deal, if applicable is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### **Pricing Basis**

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager. Units in the Sub-funds are dual priced.

#### **3.4 Publication of Prices**

Unitholders can obtain the price of their units by calling 0141 222 1151 (local rate) or by going to [www.trustnet.com](http://www.trustnet.com). As the Manager 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 Manager may also, at its sole discretion, decide to publish certain Unit prices in other third party websites or publications but the Manager 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 Manager.

## **4 RISK FACTORS**

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

### **4.1 General**

The price of Units in a Sub-fund and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Sub-fund will actually be achieved.

The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

### **4.2 Equities**

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

#### **4.3 Warrants**

Where investments are in warrants, the price per share of a Sub-fund may fluctuate more than if the Sub-fund was invested in the underlying security(ies) because of the greater volatility of the warrant price.

#### **4.4 Foreign Currency Risk**

A Sub-fund may invest in securities denominated in a number of different currencies other than sterling in which the Sub-fund is denominated. Changes in foreign currency exchange rates may adversely affect the value of a Sub-fund's investments and the income thereon.

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

The Investment Manager may employ derivatives solely for the purposes of hedging with the aim of reducing the risk profile of a Sub-fund, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM").

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

There is no guarantee that a Sub-fund will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

The Sub-funds will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults the Sub-funds may suffer losses as a result.

For more information in relation to investment in derivatives please see paragraph 17 in Appendix IV.

Following not less than 60 days' notice to Unitholders, the Investment Manager may also employ derivatives and forward transactions in the pursuit of the investment objectives as stated in this Prospectus and in accordance with its risk management policy. Should the Manager and the Investment Manager decide to invest in derivatives and forward transactions for investment purposes, the net asset value of a Sub-fund may at times be highly volatile (in the absence of compensating investment techniques). However, it is the Investment Manager's intention that Sub-funds, owing to their portfolio composition, or the portfolio management techniques

used, will not have volatility over and above the general market volatility of the markets of their underlying investments.

#### **4.6 Bonds and Debt Instruments (including High Yielding Securities)**

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

#### **4.7 Lower Rated/Unrated Securities**

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

#### **4.8 Collective Investment Schemes**

The Sub-funds may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are not fully consistent with those of the Sub-funds. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Sub-funds' valuation.

#### **4.9 Additional Capital Risk - Charges Deducted from Capital**

The Manager receives a periodic charge for managing the Sub-funds. As this charge is taken from the Sub-funds' capital, this will increase the amount of income available for distribution but will erode capital and may constrain capital growth.

#### **4.10 Counterparty and Settlement Risk**

All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its

financial or other obligations to a Sub-fund, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Sub-fund will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Sub-fund meets its settlement obligations but the counterparty fails before meeting its obligations.

#### **4.11 Tax**

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

#### **4.12 Liquidity Risk**

In normal market conditions a Sub-fund's assets comprise mainly realisable investments which can be readily sold. A Sub-fund's main liability is the redemption of any shares that investors wish to sell. In general a Sub-fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-fund. If significant requests for redemption of shares in the Fund are received at a time when a large proportion of the Sub-fund's assets was invested in illiquid investments, then the Fund's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-fund.

#### **4.13 Leveraged Companies Risk**

Investments may be made in companies or collective investment schemes which borrow moneys. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital.

#### **4.14 Leverage Risk**

Leverage is where a Sub-Fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the

case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-Fund.

#### **4.15 Options Risk**

The Sub-funds may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Sub-funds may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (“writing”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

#### **4.16 Pricing and Valuations Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Sub-funds will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the Manager may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

#### **4.17 Emerging Countries and Developing Markets Risk**

The Sub-funds may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly,

reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Sub-funds and their unit prices.

#### **4.18 Smaller and Unquoted Companies Risk**

Significant investments may be made in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity investment in a Sub-fund may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. A Sub-fund may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, that Sub-fund may not be able to immediately sell such securities. The purchase price and subsequent valuation of these securities may reflect a discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

#### **4.19 Credit Risk**

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about an issuer's ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade.

#### **4.20 Custody Risk**

Assets of the Trust are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Trust in the case of bankruptcy of the custodian. Securities of the Sub-funds will normally be identified in the custodian's books as belonging to the Fund and segregated from other assets of the custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The custodian does not keep all the assets of the



Fund itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

A Sub-fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-funds that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

#### 4.21 Political and/or Environmental Risk

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

#### 4.22 Market Risk

The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.

Risk factors based on the objective of the Sub-fund are shown below:

Risk Factors	Ilex Balanced Fund	
Fixed interest securities	X	
Collective Investment schemes	X	
Cash, deposits and money market instruments	X	
Currency	X	
Warrants	X	
Equities	X	

## 5 MANAGEMENT AND ADMINISTRATION

### 5.1 Regulatory Status

The Manager, the Trustee and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

## 5.2 Manager

### General

The Manager is Evelyn Partners Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales on 30 July 1985.

The directors of the Manager are listed in Appendix VIII.

No director is engaged in any significant business activity not connected with the business of the Manager or other Evelyn Partners Fund Solutions Limited subsidiaries.

**Registered Office:** 45 Gresham Street, London, EC2V 7BG

**Share Capital:** £50,000 issued and paid up.

**Ultimate Holding Company:** Evelyn Partners Group Limited.

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

It has therefore delegated the following functions:

<b>Function:</b>	<b>Delegate:</b>
Investment management and acting as the Investment Manager for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 5.4 below).	Investment Manager

The Manager is also under no obligation to account to the Trustee, the Trust, the Sub-funds or the Unitholders for any profit it makes on the issue or re-issue or cancellation of Units which it has redeemed.

Upon termination of the Manager Agreement and the appointment of another Manager (the New Manager), the Manager may transfer any sums being held as client money to the New Manager, who will continue to hold the money in accordance with FCA client money rules.

The Unitholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at 206 St Vincent Street, Glasgow, G2 5SG.

Information on the typical investor profile for each Sub-Fund is set out in Appendix V.

### **5.3 The Trustee**

#### **General**

NatWest Trustee & Depositary Services Limited is the Trustee of the Trust.

The Trustee 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 Trustee is the NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Trustee is the provision of trustee and depositary services.

#### **Duties of the Trustee**

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

#### **Conflicts of interest**

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

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

The Trustee operates independently from the Trust, Investors, the Manager and its associated suppliers and the Custodian. As such, the Trustee does not anticipate any conflicts of interest with any of the aforementioned parties.

#### **Delegation of Safekeeping Functions**

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

The Trustee has delegated safekeeping of the Scheme Property to RBC Investor Services Trust, UK Branch (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Trust may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is available from the Manager on request.

### **Updated Information**

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

### **Terms of Appointment**

The Trustee was appointed as the trustee of the UCITS by virtue of the Trust Deed and is a Bank authorised by the Regulator to act as trustee or depositary of a UCITS.

The Trustee was appointed as Trustee under a Depositary Agreement between the Manager, the Trust and the Trustee (the “Depositary Agreement”). Under the Depositary Agreement, the Trustee is free to render similar services to others and the Trustee, the Trust and the Manager are subject to a duty not to disclose confidential information.

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

Under the Depositary Agreement the Trustee will be liable to the Trust for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Trust as a result of the Trustee’s negligent or intentional failure to fulfil its obligations.

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

It also provides that the Trustee will be entitled to be indemnified from the Scheme Property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on three months’ notice by the Trust or the Trustee or earlier on certain breaches or the insolvency of a party. However,

termination of the Depositary Agreement will not take effect, nor may the Trustee retire voluntarily, until the appointment of a new Trustee.

Details of the fees payable to the Trustee are given in “Trustee’s fee and expenses” section.

#### 5.4 The Investment Manager

##### General

The Manager has appointed the Investment Manager, Wren Investment Office Limited, to provide investment management and advisory services to the Manager. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Manager’s registered office is at 84 Eccleston Square, London, SW1V 1PX.

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

The terms of the Investment Management Agreement between the Manager and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments and on the marketing of Units (subject to the approval of the Manager) and preparation of the Investment Manager’s report half-yearly for inclusion in the Manager’s report for circulation to holders. The agreement is terminable on receipt of written notice given by either party. The Manager has the right to terminate the Agreement with immediate effect in certain circumstances.

Copies of the Investment Manager’s execution policy and voting policy are available from the Manager on request.

The Investment Manager is entitled to a fee paid by the Manager out of its remuneration received each month from the Sub-funds, as explained below in paragraph 6.3.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Trust or any Sub-fund.

## **5.5 The Registrar**

### **5.5.1 General**

The Manager is responsible for the Trust's register.

The registered office of the Registrar is 45 Gresham Street, London, EC2V 7BG.

The Register is kept and maintained at 206 St. Vincent Street, Glasgow G2 5SG.

### **5.5.2 Register of Unitholders**

The Register of Unitholders will be maintained by the Manager at the address of its office as noted above, and may be inspected at that address during normal business hours by any Unitholder or any Unitholder's duly authorised agent.

## **5.6 The Auditors**

The auditors of the Trust are Johnston Carmichael LLP, whose address is Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL.

## **5.7 Conflicts of Interest**

The Manager, the Investment Manager and other companies within the Manager's and/or the Investment Manager's group may, from time to time, act as manager or investment manager to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the Manager and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Sub-funds. Each of the Manager and the Investment Manager will, however, have regard in such event to its general obligations to act in the best interests of each of the Sub-funds so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

Transactions may be effected in which the Manager or the Investment Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to a Sub-fund. Where a conflict cannot be avoided, the Manager and Investment Manager will have regard to their fiduciary responsibilities to act in the best interests of the Sub-fund and its investors. The Manager and Investment Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Sub-fund than if the potential conflict had not existed.

Copies of the Manager's and Investment Manager's conflicts of interest policies are available on request.

The Trustee may act as the trustee or depositary of other collective investment schemes.

The Manager maintains a written conflict of interest policy. The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Trust or its unitholders will be prevented. Should any such situations arise the Manager will, as a last resort if the conflict cannot be avoided, disclose these to unitholders in the report and accounts or otherwise an appropriate format.

## 6 FEES AND EXPENSES

### 6.1 Ongoing

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Units (see paragraph 2.9) payable by a Unitholder or out of Scheme Property are set out in this section.

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

- 6.1.1 broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 6.1.2 any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of Unitholders convened for purposes which include modifying the Trust Deed, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders, or to remove obsolete provisions from the Trust Deed;
- 6.1.3 any costs incurred in respect of meetings of Unitholders convened for any purpose;
- 6.1.4 liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified in the COLL Sourcebook;
- 6.1.5 interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 6.1.6 taxation and duties payable in respect of the Scheme Property, the Trust Deed or the issue or redemption of Units;
- 6.1.7 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 6.1.8 the periodic fees of the Financial Conduct Authority, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Sub-funds are or may be marketed;



- 6.1.9 fees and expenses in respect of the establishment and maintaining the register of Unitholders, including any sub-registers kept for the purpose of the administration of Individual Savings Accounts;
- 6.1.10 any costs incurred which are associated with independent risk monitoring or daily “value at risk” or “VaR” calculations;
- 6.1.11 any costs incurred in publishing the price of the Units in a national or other newspaper or any other form of media;
- 6.1.12 any cost incurred in or about the listing of Units in the Sub-funds on any stock exchange and the creation, conversion and cancellation of Units;
- 6.1.13 any cost incurred in producing and dispatching any payments made by the Sub-funds, or the yearly and half-yearly reports of the Sub-funds;
- 6.1.14 any fees, expenses or disbursements of any legal or other professional adviser of the Trust;
- 6.1.15 any costs incurred in preparing, translating, producing (including printing), distributing and modifying the Trust Deed, the Prospectus, the Key Investor Information Document (KIID) (apart from the costs of distributing the KIID) or reports, accounts, statements, contract notes and other like documentation, or any other relevant document required under the Regulations;
- 6.1.16 any payment otherwise due by virtue of a change to the Regulations; and
- 6.1.17 subject to current HM Revenue & Customs regulations, Value Added Tax at the prevailing rate may be payable in connection with the Trustee’s remuneration, the Custodian’s remuneration and any of the expenses listed above.

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

Expenses which may be paid out of the Scheme Property and which are attributable to a particular Sub-fund shall be paid out of the Scheme Property attributable to that Sub-fund. Expenses which are not attributable to any particular Sub-fund shall be allocated between the Sub-fund on a pro rata basis in accordance with the value of each Sub-fund.

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for each Sub-fund is set out in Appendix I. Where expenses are allocated to income but there is insufficient income at the end

of the accounting period, part or all of these expenses will be allocated to capital in accordance with the FCA Regulations. This will only be done with the approval of the Trustee (save for any charge made in respect of SDRT with in paragraph 7 (“Stamp Duty Reserve Tax”). Where expenses are charges to capital, this may constrain capital growth.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Sub-funds will be paid for by the Investment Manager out of its fees, as relevant in relation to each Sub-fund, and will not be charged to the Sub-funds.

### **Charges Payable to the Manager**

#### **6.1.18 *Annual Management Charge***

In payment for carrying out its duties and responsibilities the Manager is entitled to take an annual fee out of the Scheme Property attributable to the relevant Sub-fund as set out in Appendix I. The annual management charge accrues daily and is payable monthly in arrears on the last Business Day of each month. The fee is calculated by reference to the value of the Trust on the last Business Day of the preceding month. The current annual management charge for each Sub-fund (expressed as a percentage per annum of the value of the Sub-fund) is set out in Appendix I.

#### **6.1.19 *Registration Fees***

The Manager is entitled to receive a fee out of the Scheme Property for providing registration services (including establishing and maintaining sub-registers where applicable), out of which the Manager will pay the fees of the Registrar. Such fee is a quarterly fee. The current fees payable to the Manager are as follows: £10 per annum per Unitholder subject to a minimum of £1,000 per annum for each Sub-fund.

Currently the Manager does not apply charge to such registration fees. A charge per annum will also be payable per holder held on an ISA sub-register, however, the Manager does not currently apply this ISA sub-register charge.

#### **6.1.20 *Expenses***

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

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

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

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

## 6.2 Trustee's Fee and Expenses

The Trustee receives for its own account a periodic fee which will accrue daily and is payable 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. The fee is calculated by reference to the value of each Sub-fund 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 relevant Sub-fund. The rate of the periodic fee is agreed between the Manager and the Trustee and is currently 0.0275% per annum plus VAT on Scheme Property below £50,000,000, 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000, and 0.02% per annum plus VAT on Scheme Property above £100,000,000 and a minimum of £7,500 per annum plus VAT

These rates can be varied from time to time in accordance with the COLL Sourcebook.

The first accrual in relation to any Sub-fund will take place in respect of the period beginning on the day on which the first valuation of that Sub-fund is made and ending on the last business day of the month in which that day falls.

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

Item	Range
Transaction Charges	Between £3.00 and £89.00 per transaction
Safe Custody Charges	Between 0.0025% and 0.8% of the value of investments being held per annum

In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee. At present the Trustee delegates the function of Custody to Brown Brothers Harriman Investor Services Limited.

Where relevant, the Trustee may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the relevant Sub-fund 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 COLL Sourcebook.

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

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

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

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

### **6.3 Investment Manager's Fee**

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the Manager out of its remuneration.

The Evelyn Partners Fund Solutions Limited remuneration policy is designed to be compliant with the UCITS V Remuneration Code contained in SYSC 19E of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners, directors and

employees for delivery of both financial and non-financial objectives which are set in line with company strategy. Details of the Evelyn Partners Fund Solutions Limited remuneration policy are available on the website <https://www.evelyn.com/regulatory/remuneration-code-disclosure>.

A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 222 1151.

Any fees payable to the Manager may be reduced or waived by the Manager at its discretion.

## **UNITHOLDER MEETINGS AND VOTING RIGHTS**

### **6.4 Class and Sub-fund Meetings**

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Sub-fund by reference to Units of the Class concerned and the Unitholders and value and prices of such Units.

### **6.5 Requisitions of Meetings**

The Manager may requisition a general meeting at any time.

Unitholders may also requisition a general meeting of the Sub-fund. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition must be deposited at the office of the Trustee. The Manager must convene a general meeting no later than eight weeks after receipt of such requisition.

### **6.6 Notice and Quorum**

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

### **6.7 Voting Rights**

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

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the

Units in issue that the price of the Unit bears to the aggregate price of all the Units in issue at a reasonable date before the notice of meeting is sent out such date to be decided by the Manager.

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

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

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

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

Where all the Units in the Sub-fund are registered to, or held by, the Manager or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

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

## **6.8 Variation of Class Rights**

The rights attached to a Class may not be varied without the sanction of an extraordinary resolution passed at a meeting of Unitholders of that Class.

## 7 TAXATION

### 7.1 General

#### Taxation

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Sub-fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the Sub-fund which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

The following is divided into sections relating to “Bond Sub-Fund” and “Equity Sub-Fund”. A “Bond Sub-Fund” is a Sub-Fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not units, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Sub-fund and the investors within it are treated separately in this section. It is anticipated that the Sub-fund will for most periods be an Equity Sub-Fund for these purposes, but that depending on how it is invested it may constitute a Bond Sub-Fund for some periods.

#### Taxation of an Equity Sub-Fund

##### Taxation of Capital Gains

An Equity Sub-Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Sub-fund be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

##### Tax on income

An Equity Sub-Fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the Manager and to the Trustee). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in

the source country. This is based on guidance provided to the investment fund industry by the Investment Association.

Profits from loan relationships are treated as taxable income, as for a Bond Sub-Fund.

### **Taxation of a Bond Sub-Fund**

#### **Taxation of Capital Gains**

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

#### **Tax on Income**

A Bond Sub-Fund will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Sub-fund.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Sub-Fund would generally be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to unitholders is treated as if it were interest for UK tax purposes. If so entitled, the Sub-fund intends that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant because:

- Distributions made should be deductible for corporation tax purposes against UK taxable income.
- The income, less interest distributions, expenses (including the Manager's and Trustee's fees) and any non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

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

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in units in authorised unit trusts. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on units in authorised unit trusts be reintroduced in the future, all such costs will be paid out of the Trust's Scheme Property and charged to capital.



However it should be noted that in the unlikely event of either of the below occurring within the Fund SDRT may still be triggered and where applicable be charged to the investor:

- (i) third party transfer of units; or
- (ii) non-pro rata in specie redemptions.

### **Automatic Exchange of Financial Account Information**

#### **US Foreign Account Tax Compliance Act (FATCA)**

The US Foreign Account Tax Compliance Act (**FATCA**) is designed to help the Internal Revenue Service (the **IRS**) combat US tax evasion. It requires financial institutions, such as the Trust (or the Sub-Fund(s)), to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Trust (or a Sub-Fund) to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Trust (or each Sub-Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Unitholders may be asked to provide additional information to the Manager to enable the Trust (or each Sub-Fund) to satisfy these obligations. Institutional Unitholders may be required to provide a Global Intermediary Identifications Number (**GIIN**). Failure to provide requested information may subject a Unitholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Unitholder's interest in its units. The Global Intermediary Identification Number for each Sub-Fund is available on request.

#### **Common Reporting Standard**

The Common Reporting Standard (**CRS**) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1st January 2016. This requires financial institutions such as the Trust (or the Sub-Fund(s)), to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on **Residency** rather than citizenship as with the US model, and will encompass natural persons and legal entities.

### **Income Equalisation**

The first income allocation received by an investor after buying Units may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by

the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Units for capital gains tax purposes.

## WINDING UP OF THE TRUST

- 7.2 The Trust will not be wound up except in accordance with the COLL Sourcebook.
- 7.3 The Trustee shall proceed to wind-up the Trust:
  - 7.3.1 if the order declaring the Trust to be an authorised unit trust scheme is revoked; or
  - 7.3.2 if the Manager or the Trustee requests the FCA to revoke the order declaring the Trust to be an authorised unit trust scheme and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, the FCA will accede to that request; or
  - 7.3.3 the expiration of any period specified in the Trust Deed as the period at the end of which the Trust is to terminate; or
  - 7.3.4 on the effective date of a duly approved scheme of arrangement which is to result in the relevant Trust being left with no property.
- 7.4 If any of the events set out above occur the rules in the COLL Sourcebook concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL 5), will cease to apply. The Trustee shall cease to issue and cancel units and the Manager will stop redeeming and selling units.
- 7.5 In the case of a scheme of arrangement referred to in paragraph 7.3.4 above, the Trustee shall wind up the Trust in accordance with the approved scheme of arrangement.
- 7.6 In any other case, the Trustee shall, as soon as practicable after the relevant Trust falls to be wound-up, realise the assets of the Trust and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interest in the Trust.
- 7.7 Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after 12 months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the order of authorisation.

## **8 GENERAL INFORMATION**

### **8.1 Accounting Periods**

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

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

### **8.2 Notice to Unitholders**

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

### **8.3 Income Allocations**

The Sub-funds have interim and final income allocations. Income is allocated in respect of the income available at each accounting date.

In relation to income Units, distributions of income for the Sub-funds are paid by BACS or telegraphic transfer directly into a Unitholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

Where accumulation Units are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Unit as at the end of the relevant accounting period.

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

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

Income will be distributed as a dividend payment where a Sub-fund is deemed to be an Equity Trust or as an interest payment where a Sub-fund is deemed to be a Bond Trust over the relevant accounting period. The treatment of income anticipated by the Manager is given in Appendix 1, although Unitholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Sub-fund has held the minimum Qualifying Investments over the accounting period. Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Unitholders when the income is allocated.

#### **8.4 Annual Reports**

An Annual report of the Trust will be published within four months of each annual accounting period and a half-yearly report will be published within two months of the end of each half-year accounting period. Long reports will be available upon request.

#### **8.5 Documents of the Trust**

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the Manager at 45 Gresham Street, London, EC2V 7BG:

8.5.1 the Prospectus;

8.5.2 the most recent annual and half-yearly reports of the Trust; and

8.5.3 the Trust Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and half-yearly long reports of the Sub-funds which are available free of charge to anyone who requests).

#### **8.6 Provision of Investment Advice**

All information concerning the Trust and about investing in Units of the Sub-funds is available from the Manager at 45 Gresham Street, London, EC2V 7BG. The Manager is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Units are made solely on the basis of the current Prospectus of the Trust, and investors should ensure that they have the most up to date version.

## **8.7 Telephone Recordings**

8.8 Please note that the Manager may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the Manager can identify the call. If you ask the Manager to send you a recording of a particular call, the Manager may ask for further information to help identify the exact call to which your request relates.

## **8.9 Complaints**

Complaints may be brought in writing to The Compliance Officer of the Manager at 45 Gresham Street, London, EC2V 7BG.

In the unlikely event that an unsatisfactory response is provided, you may be able to refer your complaint to the Financial Ombudsman Service at: Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. A copy of the Manager's complaints handling procedure is available on request.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the Manager or any Sub-fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

## **8.10 Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £85,000 per person per firm.

## **8.11 Risk Management**

The Manager will provide upon the request of a Unitholder further information relating to:

8.11.1 the quantitative limits applying in the risk management of the Sub-funds;

8.11.2 the methods used in relation to 8.11.1; and

8.11.3 any recent development of the risk and yields of the main categories of investment.

## 8.12 Best Execution

The Manager must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The Manager's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the Manager expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Sub-funds. This policy has been developed in accordance with the Manager's obligations under the Regulations to obtain the best possible result for the Trust.

Details of the order execution policy are available from the Manager on request. If you have any questions regarding the policy please contact the Manager or your professional adviser.

## 8.13 Inducements and Soft Commission

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-funds, an Investment Manager or the Manager (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or Manager will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Sub-fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-fund.

## APPENDIX I

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Sub-fund (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID for each Sub-fund listed below can be provided free of charge on request.

### SUB-FUND DETAILS

<b>Name:</b>	<u>Ilex Balanced Fund</u>
<b>FCA Product Reference Number:</b>	645553
<b>Type of Scheme:</b>	UCITS scheme

## **Investment Objective and Policy:**

The investment objective of the Sub-fund is to produce an income return in excess of 2% per annum (net of fees) together with growth of capital over the longer term (i.e. at least 5 years). This performance target, however, is not guaranteed and it may not always be possible to achieve it over the period stated, or over any period of investment. Consequently, investors' capital is at risk.

The Sub-fund operates a balanced strategy, meaning that, in respect of at least 70% of its portfolio, it will maintain a balance between shares (i.e., equities) and fixed interest securities. Such investment will be direct and indirect. The fixed interest securities will be a mixture of sovereign, investment grade and non-investment grade bonds. In normal market conditions, the exposure to shares and fixed interest securities will be indirect, generally through collective investment schemes.

For the purposes of the Sub-fund's investment objective, investment grade bonds are those rated by S&P, Moody's or Fitch as being BBB- or above.

The allocation between shares and fixed interest securities, in which the Sub-fund invests, will be actively managed and will vary in response to short term market conditions; however, the allocation to shares, will remain within a 40% to 85% range.

Collective investment schemes will represent between 50-100% of the Sub-fund's invested assets. In times of market uncertainty, the Sub-fund may invest directly in government bond assets which the Investment Manager considers less risky compared to the Sub-fund's normal holdings.

The Sub-fund may also invest in convertibles, loan stock and other debt securities, warrants, deposits, cash and near cash, money market instruments, exchange traded funds, exchange traded certificates, exchange traded notes, investment trusts, and other transferable securities.

**The Sub-fund may invest in derivatives and forward transactions for investment purposes only after the Manager has given not less than 60 days' notice to the Unitholders, which may make the portfolio composition of the Sub-fund highly volatile in the absence of compensating investment techniques.**

## **Benchmark**

Unitholders may compare the performance of the Trust against the ARC Balanced Asset PCI. Comparison of the Trust's performance against this



benchmark will give Unitholders an indication of how the Trust is performing against an index based on the real performance numbers delivered to discretionary private clients by participating investment managers.

The benchmark is not a target for the Trust, nor is the Trust constrained by the benchmark.

**Accounting and distribution dates:**

Final accounting date:	31 March
Interim accounting date:	30 September
Final income distribution date:	31 May
Interim income distribution date:	30 November

**Type of Units:** Income and Accumulation

**Fees and Charges:**

Initial charge:	8%
Redemption charge:	No redemption charge is currently made
Switching charge:	No switching charge is currently made
Charge for investment research:	None
Annual Management Charge:	0.75% subject to a minimum charge of £50,000 per annum <sup>1</sup>
Charges taken from Income:	No. All charges are deducted from capital which may constrain capital growth.

**Investment minima:\***

Lump sum	£100,000
Holding	£100,000
Top-up	£25,000
Redemption	N/A (providing minimum holding is maintained)

**Income to be distributed as a dividend** The Sub-fund may distribute income in the form

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<sup>1</sup> Since 26 January 2007 this has been deducted from the capital property of the Trust which may constrain capital growth.

**or interest?**

of a dividend or interest depending on the composition of the assets held over the accounting period.

**Past performance:**

Past performance information is set out in Appendix VII

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



## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

The Sub-funds may also deal through the securities markets and derivatives markets indicated below:

#### Eligible Securities Markets

Australia	Australian Securities Exchange
Canada	Toronto Stock Exchange
Canada	TSX Venture Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Nagoya Stock Exchange
Japan	Osaka Securities Exchange
Japan	Tokyo Stock Exchange
Korea, Republic of	Korea Exchange
New Zealand	New Zealand Exchange Ltd
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
United States of America	NASDAQ
United States of America	NASDAQ OMX PHLX
United States of America	New York Stock Exchange
United States of America	NYSE Arca
United States of America	NYSE MKT LLC

## APPENDIX III

### VALUATION AND PRICING

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

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. The valuation of the Scheme Property shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
  - 2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:
    - 2.1.1 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:
      - 2.1.1.1 units or shares in a collective investment scheme:
        - (a) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means any fiscal charges, commission or other charges (including any preliminary charge) payable in the event of a Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy or SDRT provision which would be added in the event of a purchase by the Sub-fund of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Sub-fund, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Sub-fund of those units); or
        - (b) if separate buying and selling prices are quoted, at the maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or

other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of a Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction; but where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Sub-fund, the issue price shall be taken instead of the maximum sale price; or

- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

2.1.1.2 any other investment:

- (a) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.

2.1.1.3 if any other property, or no price exists under 2.1.1.1 or 2.1.1.2, the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

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

2.2.1 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:

2.2.1.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction, any redemption charge payable on sale of units in a collective investment scheme, (taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Sub-fund of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Sub-fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Sub-fund of those units); or
- (b) if separate buying and selling prices are quoted, at the minimum redemption price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the sale of units in a collective investment scheme (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Sub-fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Sub-fund of those units), less any expected discount); but, if the property sold in one transaction

would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or

- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

2.2.1.2 any other investment:

- (a) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

2.2.1.3 if any other property, or no price exists under 2.2.1.1 or 2.2.1.2, the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Sub-fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Sub-fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any redemption charge payable on sale of units in a collective investment scheme, (taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Sub-fund of the units in question) (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Sub-fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Sub-fund of those units).



- 3 Property which is a derivative transaction shall be treated as follows:
- (a) if a written option, (and the premium for writing the option has become part of the Scheme Property) deduct, for the calculation of the issue basis, the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but add, in the case of the calculation of the cancellation basis, dealing costs);
  - (b) if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of the amount of margin (whether receivable or payable by the Sub-fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded and including minimum dealing costs so that the value is the figure as a negative sum);
- 4 Cash and amounts held in current and deposit accounts shall be valued at their nominal values.
- 5 In determining the value of the Scheme Property, all instructions given to the Trustee to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all required consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.
- 6 Subject to paragraphs 7 and 8 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 Manager, their omission shall not materially affect the final net asset amount.
- 7 Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.
- 8 All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 9 Deduct 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 Sub-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.

- 10 Deduct an estimated amount for any liabilities payable out of the property of the Sub-fund and any tax thereon (treating periodic items as accruing from day to day).
- 11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 12 In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
- 13 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 14 Add any other credits due to be paid into the property of the Sub-fund.
- 15 In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
- 16 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any SDRT provision anticipated to be received.
- 17 The valuation is in the Trust's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the Manager will either:
  - 17.1 select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the manager would normally deal if it wished to make such a conversion; or
  - 17.2 invite the Trustee to agree that it is in the interests of unitholders to select a different rate, and, if the Trustee so agrees, use that other rate."

## APPENDIX IV

### INVESTMENT AND BORROWING POWERS OF THE TRUST

#### 1 General

- 1.1 The Scheme Property will be invested with the aim of achieving the investment objective of the Sub-funds but subject to the limits set out in the Sub-fund's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus.
- 1.2 The impact of potential currency movements on the sterling value of capital and income will be taken into account when selecting investments.
- 1.3 The Manager's investment policy may mean that at times it is appropriate for the Scheme Property not to be fully invested and for cash or near cash to be held. This will only occur when the Manager reasonably regards it as necessary in order to enable redemption of Units, efficient management of the Sub-funds or for a purpose ancillary to the objectives of the Sub-funds.
- 1.4 A Sub-fund is able to use techniques and instruments for the purpose of Efficient Portfolio Management providing that they are used for the reduction or control of relevant risk, the reduction of relevant costs or to generate additional capital or income for the Sub-fund, but not for speculation.
- 1.5 Normally, a Sub-fund will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of Units) and efficient management of the Sub-fund both generally and in relation to its strategic objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Sub-fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

#### 2 Prudent spread of risk

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

## 2.2 Cover

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

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

2.2.2.1 it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

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

## 3 UCITS schemes - general

3.1 Subject to the investment objective and policy of a Sub-fund, the Scheme Property must, except where otherwise provided in COLL 5, only consist of any or all of:

3.1.1 transferable securities;

3.1.2 approved money-market instruments;

3.1.3 permitted units or shares in collective investments schemes;

3.1.4 permitted derivatives and forward transactions; and

3.1.5 permitted deposits.

3.2 It is not intended that a Sub-fund will have an interest in any immovable property or tangible movable property.

## 4 Transferable Securities

4.1 A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

- 4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 4.3 In applying paragraph 4.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 4.5 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 4.5.1 the potential loss which the Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 4.5.2 its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the FCA Handbook;
  - 4.5.3 reliable valuation is available for it as follows:
    - 4.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 4.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 4.5.4 appropriate information is available for it as follows:
    - 4.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 4.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;

- 4.5.5 it is negotiable; and
- 4.5.6 its risks are adequately captured by the risk management process of the Manager.

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

4.6.1 not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and

4.6.2 to be negotiable.

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

## 5 **Closed end funds constituting transferable securities**

A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 4.5 and either:

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

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

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

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

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

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

## 6 **Transferable securities linked to other assets**

6.1 A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Sub-fund provided the investment:

6.1.1 fulfils the criteria for transferable securities set out in 4.5 above; and

6.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Sub-fund can invest.

6.2 Where an investment in 6.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component

## **7 Approved Money-Market Instruments**

7.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.

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

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

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

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

7.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 7.2.1 or 7.2.2 or is subject to yield adjustments as set out in 7.2.3.

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

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

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

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

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

## **8 Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**

8.1 Transferable securities and approved money-market instruments held within a Sub-fund must be:

8.1.1 admitted to or dealt in on an eligible market as described in 9.3.1; or

8.1.2 dealt in on an eligible market as described in 9.3.2; or

8.1.3 admitted to or dealt in on an eligible market as described in 9.4; or

8.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 10.1; or

8.1.5 recently issued transferable securities provided that:

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

8.1.5.2 such admission is secured within a year of issue.

8.2 However, a Sub-fund may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 8.1.

## **9 Eligible markets regime**

9.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.

9.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

9.3 A market is eligible for the purposes of the rules if it is:



- 9.3.1 a regulated market as defined in the FCA Handbook; or
  - 9.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or
  - 9.3.3 a market falling within paragraph 9.4 of this Appendix.
- 9.4 A market falling within paragraph 9.3.3 of this Appendix is eligible for the purposes of COLL 5 if:
- 9.4.1 the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 9.4.2 the market is included in a list in the Prospectus; and
  - 9.4.3 the Trustee has taken reasonable care to determine that:
    - 9.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 9.4.3.2 all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 9.5 In paragraph 9.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 9.6 The Eligible Markets for the Sub-funds are set out in Appendix II.
- 10 Money-market instruments with a regulated issuer**
- 10.1 In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 10.1.1 the issue or the issuer is regulated for the purpose of protecting Unitholders and savings; and
  - 10.1.2 the instrument is issued or guaranteed in accordance with paragraph 11 (Issuers and guarantors of money-market instruments) below.
- 10.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Unitholders and savings if:
- 10.2.1 the instrument is an approved money-market instrument;

10.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 12 (Appropriate information for money-market instruments) below; and

10.2.3 the instrument is freely transferable.

## 11 Issuers and guarantors of money-market instruments

11.1 A Sub-fund may invest in an approved money-market instrument if it is:

11.1.1 issued or guaranteed by any one of the following:

11.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

11.1.1.2 a regional or local authority of an EEA State;

11.1.1.3 the European Central Bank or a central bank of an EEA State;

11.1.1.4 the European Union or the European Investment Bank;

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

11.1.1.6 a public international body to which one or more EEA States belong;  
or

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

11.1.3 issued or guaranteed by an establishment which is:

11.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or

11.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

11.2 An establishment shall be considered to satisfy the requirement in 11.1.3.1 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

11.2.1 it is located in the European Economic Area;

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

11.2.3 it has at least investment grade rating;

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

## 12 **Appropriate information for money-market instruments**

12.1 In the case of an approved money-market instrument within 11.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 11.1.1.1 or a public international body within 11.1.1.5 but is not guaranteed by a central authority within 11.1.1, the following information must be available:

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

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

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

12.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 11.1.3, the following information must be available:

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

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

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

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

12.3.1 within 11.1.1, 11.1.1.3 or 11.1.1.4; or

12.3.2 which is issued by an authority within 11.1.1.1 or a public international body within 11.1.1.5 and is guaranteed by a central authority within 11.1.1;

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

## 13 **Spread: general**

- 13.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.
- 13.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 13.3 Not more than 20% of the value of the Scheme Property is to consist of deposits with a single body.
- 13.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 13.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 13.6 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group.
- 13.7 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 13.8 The COLL Sourcebook provides that in applying the limits in 13.3 and 13.4 in relation to a single body, and subject to 13.5, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 13.8.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
- 13.8.2 deposits made with that body;
- 13.9 In applying this paragraph, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 13.9.1 it is backed by an appropriate performance guarantee; and

13.9.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

#### 14 **Spread: government and public securities**

14.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

- (a) an EEA State;
- (b) a local authority of an EEA State;
- (c) a non-EEA State; or
- (d) a public international body to which one or more EEA States belong.

14.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

14.3 A Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

14.3.1 the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Sub-fund;

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

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

14.3.4 the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.

14.4 In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in such securities issued or guaranteed by the governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States of America; and The European Investment bank and The World Bank.

14.5 Notwithstanding 13.1 and subject to 13.2 and 13.3 above, in applying the 20% limit in paragraph 13.8 with respect to a single body, such securities issued by that body shall be taken into account.

## 15 Investment in collective investment schemes

15.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided that Second Scheme satisfies all of the following conditions and provided that no more than 30% of the value of the Sub-fund is invested in Second Schemes within 14.1.1.2 - 14.1.1.5 below.

15.1.1 The Second Scheme must:

15.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

15.1.1.2 be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000; or

15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or

15.1.1.4 be authorised in another EEA State provided the requirements of Article 50(1) of the UCITS Directive are met;

15.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(a) signed the IOSCO Multilateral Memorandum of Understanding; and

(b) approved the Second Scheme’s management company, rules and Trustee/custody arrangements;

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

15.1.2 The Second Scheme must have terms that prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.1.2, paragraph 15.1.3 and paragraph 12 (Spread: General) apply to each sub-fund as if it were a separate scheme.

15.1.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Trust’s Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

- 15.2 A Sub-fund may, subject to the limits set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager of the Trust or one of its associates.
- 15.3 If a substantial proportion of the Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees which may be charged by an investee collective investment scheme to the Sub-fund concerned will be 6%.

## 16 Investment in nil and partly paid securities

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

## 17 Derivatives: general

- 17.1 The Investment Manager may employ derivatives solely for the purposes of hedging with the aim of reducing the risk profile of the Sub-fund, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM").
- 17.2 To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to a Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

## 18 Upon giving not less than 60 days' notice to Unitholders, a Sub-fund may enter into derivatives and forward transactions for investment purposes in addition to Efficient Portfolio Management purposes.

- 18.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 20 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 30 (Cover for transactions in derivatives and forward transactions) of this Appendix.
- 18.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.
- 18.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

- 18.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 18.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 18.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 18.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 18.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 18.6 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 19 **Efficient Portfolio Management**

- 19.1 A Sub-fund may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market. The Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 19.2 Permitted transactions are those that a Sub-fund reasonably regards as economically appropriate to EPM, that is:



19.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the Manager reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

19.2.2 Transactions for the generation of additional capital growth or income for a Sub-fund by taking advantage of gains which the Manager reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

19.2.2.1 pricing imperfections in the market as regards the property which the Sub-fund holds or may hold; or

19.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on the Scheme Property which the Sub-fund is willing to buy or sell at the exercise price; or

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

19.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options or futures) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market). Forward currency transactions must be entered into with counterparties who satisfy the Regulations. A permitted transaction may at any time be closed out.

## 20 Permitted transactions (derivatives and forwards)

20.1 A transaction in a derivative must be in an approved derivative of this Appendix.

20.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Sub-fund is dedicated:

20.2.1 transferable securities;

20.2.2 approved money-market instruments permitted under paragraphs 8.1.1 to 8.1.4;

20.2.3 deposits and permitted derivatives under this paragraph;

20.2.4 collective investment scheme units permitted under paragraph 15 (Investment in collective investment schemes);

20.2.5 financial indices which satisfy the criteria set out in paragraph 21 (Financial indices underlying derivatives);

20.2.6 interest rates;

- 20.2.7 foreign exchange rates; and
- 20.2.8 currencies.
- 20.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 20.4 A transaction in a derivative must not cause a fund to diverge from its investment objectives as stated in the Trust Deed constituting the scheme and the most recently published version of this Prospectus.
- 20.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 22.2 are satisfied.
- 20.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 20.7 A derivative includes an investment which fulfils the following criteria:
  - 20.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 20.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 20.7.3 its risks are adequately captured by the risk management process of the Manager and by its internal control mechanisms in the case of risk asymmetry of information between the Manager and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 20.8 A Sub-fund may not undertake transactions in derivatives on commodities.
- 20.9 Counterparty risk exposure can be reduced by a Sub-fund receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the Manager before a Sub-fund enters into any transactions which require it to hold collateral from a counterparty.
- 20.10 The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Sub-fund. The use of these techniques

and instruments will only be employed where the Manager and the Investment Manager consider these to be in line with the best interests of the Sub-fund.

## 21 Financial Indices underlying derivatives

21.1 The financial indices referred to in 20.2 are those which satisfy the following criteria:

21.1.1 the index is sufficiently diversified;

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

21.1.3 the index is published in an appropriate manner.

21.2 A financial index is sufficiently diversified if:

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

21.2.2 where it is composed of assets in which the Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

21.2.3 where it is composed of assets in which the Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

21.3 A financial index represents an adequate benchmark for the market to which it refers if:

21.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

21.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available;  
and

21.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

21.4 A financial index is published in an appropriate manner if:

21.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

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

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

## 22 Requirement to cover sales

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

22.2 The above does not apply where:

22.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

22.2.2 the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:

22.2.2.1 cash;

22.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

22.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

22.3 In the asset classes referred to in paragraph 22.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 23 Risk management

The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund's positions and their contribution to

the overall risk profile of the Sub-fund. Before using the process, the Manager will notify the FCA of the details of the risk management process.

## **24 Investments in Deposits**

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

## **25 Significant influence**

25.1 The Manager must not acquire, or cause to be acquired for a Sub-fund, transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

25.1.1 immediately before the acquisition, the aggregate of any such securities held for the Sub-fund, taken together with any such securities already held for other authorised unit trusts of which it is also the Manager, gives the Manager power significantly to influence the conduct of business of that body corporate; or

25.1.2 the acquisition gives the Manager that power.

25.2 For the purposes of paragraph 25.1, the Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all the authorised unit trusts of which it is the Manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **26 Concentration**

A Sub-fund:

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

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

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

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

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

- 26.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- 26.5 need not comply with the limits in paragraphs 26.2, 26.3 and 26.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **27 Derivative exposure**

- 27.1 A Sub-fund may invest in derivatives and forward transactions as long as the exposure to which the Sub-fund is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 27.2 Cover ensures that the Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Sub-fund is committed. Paragraph 28 (Cover for transactions in derivatives and forward transactions) below sets out detailed requirements for cover of the Sub-fund.
- 27.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 27.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## **28 Cover for transactions in derivatives and forward transactions**

- 28.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which a Sub-fund is or may be committed by another person is covered globally.
- 28.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the Sub-fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

- 28.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 28.4 The global exposure relating to derivatives held in a Sub-fund may not exceed the Net Asset Value of the Scheme Property.

## 29 **Cover and Borrowing**

- 29.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 28 (Cover for transactions in derivatives and forward transactions) except where 29.2 below applies.
- 29.2 Where, for the purposes of this paragraph a Sub-fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 29.1 on deposit with the lender (or his agent or nominee), then this paragraph applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

## 30 **Cash and near cash**

- 30.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 30.2 the pursuit of a Sub-fund's investment objective; or
- 30.3 redemption of Units; or
- 30.4 efficient management of a Sub-fund in accordance with its investment objectives; or
- 30.5 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-fund.

## 31 **General**

- 31.1 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the Manager reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Units, efficient management of the Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Sub-fund.
- 31.2 Where a Sub-fund invests in or disposes of units or shares in another collective investment scheme which are managed or operated by the Manager or an associate of the Manager, the Manager must pay to the Sub-fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

- 31.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-fund but, in the event of a consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.
- 31.4 The COLL Sourcebook permits the Manager to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Sub-fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

## 32 Underwriting

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

## 33 **General power to borrow**

- 33.1 The Trustee on the instruction of the Manager may, in accordance with this paragraph, borrow money for the use of a Sub-fund on terms that the borrowing is to be repayable out of the scheme property. This power to borrow is subject to the obligation of a Sub-fund to comply with any restriction in the Trust Deed. The Trustee may borrow money only from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).
- 33.2 The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 33.3 The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee; the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 33.4 The Manager must ensure that a Sub-fund's borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.



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

#### **34 Restrictions on lending of money**

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

34.2 Acquiring a debenture is not lending for the purposes of paragraph 34.1, nor is the placing of money on deposit or in a current account.

#### **35 Restrictions on lending of property other than money**

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

35.2 Transactions permitted by paragraph 38 (Stock lending) are not to be regarded as lending for the purposes of paragraph 35.1.

35.3 The Scheme Property must not be mortgaged.

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

#### **36 General power to accept or underwrite placings**

36.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Trust Deed. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

36.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

36.3 The exposure of a Sub-fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under

them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

### **37 Guarantees and indemnities**

37.1 The Trustee for the account of a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.

37.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

37.3 Paragraphs 37.1 and 37.2 do not apply to in respect of a Sub-fund for:

37.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and

37.3.2 an indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets are becoming part of the Scheme Property by way of a unitisation.

### **38 Stock lending**

The entry into stock lending transactions or repo contract for the account of a Sub-fund is not permitted.

## APPENDIX V

### Typical Investor Profile(s)

Below is an indication of the target market of the Sub-fund(s) as required under MiFID II regulations. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of the Sub-funds please seek advice from your professional adviser.

#### **The Ilex Balanced Fund**

This Sub-fund is suitable for all investor types of all levels of knowledge and experience coming into the Sub-fund from all available distribution channels.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

The Sub-fund seeks to increase capital and grow income over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

## APPENDIX VI

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER

As at the date of this Prospectus, Evelyn Partners Fund Solutions Limited acts as authorised fund manager or authorised corporate director for

Authorised Unit Trusts	Investment Companies with Variable Capital
Eagle Fund	Bute Fund
Orchard Fund	Forest Fund ICVC
Ourax Unit Trust	GFS Investments Fund
S&W Langham Trust	Hercules Managed Funds
S&W Latham H Unit Trust	Moorgate Funds ICVC
S&W Magnum Trust	New Square Investment Funds
S&W Marathon Trust	New Square Investment Funds 2
S&W Thoroughbred Trust	Pendennis Fund ICVC
S&W Witch General Trust	Pityoulish Investments Fund
S&W Worldwide Fund	S&W Aubrey Capital Management Investment Funds
Smith & Williamson European Equity Fund	S&W Deucalion Fund
SVS BambuBlack Asia Income & Growth Fund	S&W Kennox Strategic Value Fund
Smith & Williamson Fixed Interest Fund	S&W Gryphon Investment Funds
Smith & Williamson North American Equity Fund	S&W Revera Fund
Smith & Williamson UK Equity Growth Fund	S&W Saltus Onshore Portfolios
Starhunter Managed Trust	S&W TS Campana Fund
SVS Albion OLIM UK Equity Income Fund	Sardasca Fund
SVS Church House Balanced Equity Income Fund	Smith & Williamson Funds
SVS Church House Esk Global Equity Fund	Smith & Williamson Investment Funds ICVC
SVS Church House Investment Grade Fixed Interest Fund	Smithfield Funds
SVS Church House UK Equity Growth Fund	Stratford Place Fund
SVS True Potential Investments Fund	SVS Brown Shipley Multi Asset Portfolio
The Acorn Trust	SVS CH Special Mandates Fund
The Alkerton Trust	SVS Cornelian Investment Funds
The Barro II Trust	SVS Heritage Investment Fund
The Capital Balanced Fund	SVS True Potential Investments OEIC 1
The Dream Trust	SVS True Potential Investments OEIC 2
The Endeavour II Fund	SVS True Potential Investments OEIC 3
The Enterprise Trust	Sylvan Funds
The Global Opportunities Fund	Taber Investments Fund
The Ilex Fund	The Air Pilot Fund
The Jetwave Trust	The Aurinko Fund
The Lancaster Trust	The Blu-Frog Investment Fund
The Millennium Fund	The Brighton Rock Fund
The Plain Andrews Unit Trust	The Cheviot Fund
The Securities Fund	The Daisybelle Fund
The Skye Trust	The Dinky Fund
Worldwide Growth Trust	The Dunninger Fund
	The Folla Fund
	The Galacum Fund
	The Gloucester Portfolio
	The Headspring Fund
	The Headway Fund
	The Jay Fund
	The Jake Fund

	<p>The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund</p>
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## APPENDIX VII

### PAST PERFORMANCE FOR THE SUB-FUND(S) AND INVESTOR PROFILE

#### Ilex Balanced Fund

#### Historic performance:

Past performance is no indication of future performance.



Source: Fund - FEfundinfo 2020  
Benchmark - Morningstar

Bid to Bid, net income reinvested, net of charges and tax. Performance does not include the effect of any initial or redemption charges.

**NOTE:** Past performance should not be taken as a guide to the future. Please see Appendix I for the Ilex Balanced Fund's objective and below for an explanation of investor profile.

#### Investor profile:

The Ilex Balanced Fund may be suitable for those investors wanting to achieve an above average income return together with some growth of capital over the longer term. The Ilex Balanced Fund may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. It may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Ilex Balanced Fund may be suitable for investors who are looking to set aside the capital for at least five years.

If you are uncertain whether these products are suitable for you, please contact a professional adviser.

## APPENDIX VIII

### LIST OF DIRECTORS OF EVELYN PARTNERS FUND SOLUTIONS LIMITED

**Name of Director**

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

Paul Wyse (Non-Executive Director)

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

Sally Macdonald (Independent Non-Executive Director)

None of the directors have any business activities of significance to the Trust that are not connected with the business of the Manager.



## APPENDIX IX

### DIRECTORY

**The Trust and Head Office:**

The Ilex Fund  
45 Gresham Street  
London  
EC2V 7BG

**Manager, Administrator and Registrar:**Registered Office

Evelyn Partners Fund Solutions Limited  
45 Gresham Street  
London  
EC2V 7BG

Correspondence Address

Evelyn Partners Fund Solutions Limited  
Transfer Agency Team  
206 St Vincent Street  
Glasgow  
G2 5SG

Telephone Numbers

For Dealing: 0141 222 1150

For Registration and Enquiries: 0141 222 1151

**Trustee:**

## Registered Office:

NatWest Trustee & Depositary Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

## Principal Place of Business:

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

**Investment Manager:**

Wren Investment Office Limited  
84 Eccleston Square  
London  
SW1V 1PX

**Auditors:**

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL