

**THE SECURITIES FUND**

**Prospectus**

Prepared in accordance with  
the requirements of the Collective Investment Schemes Sourcebook  
which forms part of the  
FCA Handbook of Rules and Guidance and complies with the requirements of COLL 4.2.5 of the  
COLL Sourcebook

**(A UK UCITS scheme with FCA Product Reference Number: 188913)**

**Manager**

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

Authorised and regulated by the Financial Conduct Authority

**This Prospectus is valid at 22 March 2024**

## PROSPECTUS OF SECURITIES FUND

This document constitutes the Prospectus for The Securities Fund and has been prepared in accordance with the terms of the rules contained in the COLL Sourcebook published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000.

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

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

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

This Prospectus is based on information, law and practice at the date hereof. The Scheme is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Evelyn Partners Fund Solutions Limited, the Manager of the Scheme, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken 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 COLL Sourcebook to be included in it. Evelyn Partners Fund Solutions Limited accepts responsibility accordingly.

No person has been authorised by the Manager to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription or sale of a unit or units in the Scheme (“Unit” or “Units”) other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been made by the Manager.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to 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 distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted and accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

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.

Prospective investors should inform themselves as to (a) the legal requirements within their own countries of residence or domicile for the purchase or holding of Units; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own countries of residence or domicile relevant to the purchase, holding or disposal of Units. Units in the Scheme are not listed on any investment exchange.

The Prospectus is based on information, law and practice at the date hereof. The Scheme is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus. Neither the delivery of this Prospectus nor the offer, placement, allotment or issue of any of the Units shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof 22 March 2024.

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

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

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.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

#### **United States and restrictions on U.S. Persons**

The Units have not been and will not be registered in the United States under the Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws, and the Scheme has neither been nor will be registered in the United States under the Investment Company Act of 1940, as amended (the "1940 Act"), and Unitholders will not be entitled to the benefits of such registration. Accordingly, except as provided below, no Units may be offered or sold, directly or indirectly, in the United States, any state thereof or its territories or possessions or to any U.S. Person. The Manager may authorise the offer and sale of Units in the United States or to a limited number or category of U.S. Persons provided that, if so authorised, Units will be offered and sold only to such persons and in such manner as will not require registration of the Scheme or the Units under the securities laws of the United States or any state thereof. The Units have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor has any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus as may be amended or supplemented from time to time. Any representation to the contrary is a criminal offence. Certain restrictions also apply to subsequent transfers of Units in the United States or to U.S. Persons (please see the compulsory redemption provisions under section 10.21 entitled "Restrictions and Compulsory Transfer and Redemption" of the Prospectus). Should a Unitholder become a U.S. Person they may be subject to adverse tax consequences including without limitation U.S. withholding taxes and tax reporting.

Applicants will be required to certify that they are not U.S. Persons precluded from purchasing, acquiring or holding Units.

## The Scheme

The Securities Fund is an authorised unit trust, established under a trust deed dated 22 April 1999 (authorised by the FCA on 26 April 1999) and is governed by the Trust Deed.

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 Trust as an investment.

The Head Office of the Manager is at 45 Gresham Street, London, EC2V 7BG, which is also the address in the United Kingdom for service on the Scheme of notices or other documents required or authorised to be served on it.

The base currency of the Scheme is pounds sterling. Investors should note that if the United Kingdom participates in the third stage of European Monetary Union and sterling ceases to exist, the Manager may convert the base currency of the Scheme from sterling to Euro. The Manager, in consultation with the Trustee, shall determine the best means to effect this conversion.

Unitholders in the Scheme are not liable for the debts of the Scheme. Unitholders are not liable to make any further payment after they have paid the price on the purchase of units in the Scheme.

The Scheme has been established as a “UK UCITS scheme”. The Scheme qualifies as an “Undertaking for Collective Investment in Transferable Securities” (“UK UCITS”) within the meaning of the FCA Rules in the UK. At the present time there is no intention to market the Scheme in another member state of the European Community.

Where any changes are proposed to be made to the Scheme the Manager will assess whether the change is fundamental, significant or notifiable in accordance with rule 4.3 of the COLL Sourcebook. If the change is regarded as fundamental, Unitholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Unitholders. If the change is regarded as notifiable, Unitholders will receive suitable notice of the change.

### **Investment objective and policy of the Scheme**

The investment objective of the Scheme is to achieve capital growth through investment principally in UK and international equities. The Scheme may also invest in derivative instruments and forward transactions (for hedging purposes only), fixed interest securities, warrants, deposits, approved money market instruments and collective investment schemes.

### **Benchmark**

Unitholders may compare the performance of the Scheme against the IA Global sector.

Comparison of the Scheme's performance against this benchmark will give Unitholders an indication of how the Scheme is performing against other similar funds in this peer group sector. The Manager has selected this comparator benchmark as the Manager believes it best reflects the asset allocation of the Scheme.

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

### **Typical Investor Profile**

Units in the Fund may be marketed to retail investors aged 18 or over or any institutional investors, subject to meeting the minimum investment requirements.

Information on the typical investor profile for the Trust is set out in Appendix V.

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## Definitions

The following definitions apply throughout this Prospectus unless the context otherwise requires:-

<b>“Act”</b>	the Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time;
<b>“Approved Bank”</b>	(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) Manager 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 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>“AUT”</b>	an authorised unit trust scheme;
<b>“Client Money”</b>	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 Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time or any other rulebook which may be issued to replace it;
<b>“Eligible Institution”</b>	(a) a BCD credit institution authorised by its Home State regulator (as defined in the glossary of definitions to the FCA Handbook);  (b) an MiFID investment firm authorised by its Home State regulator (as defined in the glossary of definitions to the FCA Handbook);
<b>“EEA State”</b>	a member state of the European Union or any other state which is within the European Economic Area;
<b>“EMT”</b>	European MiFID Template;
<b>“EUWA”</b>	means the European Union (Withdrawal) Act 2018;
<b>“FCA”</b>	Financial Conduct Authority, or any other regulatory body which may assume its regulator responsibilities from time to time;
<b>“FCA Regulations”</b>	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;

<b>“FCA Rules”</b>	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Investment Manager”</b>	Goldman Sachs International (Company No. 02263951);
<b>“Investment Management Agreement”</b>	the agreement between the Manager and the Investment Manager;
<b>“Manager”</b>	Evelyn Partners Fund Solutions Limited;
<b>“MiFID II”</b>	Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable;
<b>“Prospectus”</b>	the prospectus of the Unit Trust and any addenda thereto issued in accordance with the requirements of the FCA;
<b>“Regulations”</b>	the FCA Handbook of Rules and Guidance;
<b>“Scheme”</b>	The Securities Fund;
<b>“Trust Deed”</b>	the deed made between Mellon Fund Managers Limited and the Bank of Scotland plc dated 29 January 2007 together with all supplemental trust deeds thereto;
<b>“Trustee”</b>	NatWest Trustee & Depositary Services Limited;
<b>“UCITS Directive”</b>	means the EC Directive on Undertakings for Collective Investment in Transferable Securities, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable;
<b>“UK UCITS scheme”</b>	in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA;
<b>“Unit”</b>	a unit representing the rights or interests of the Unitholders in the AUT;
<b>“Unitholder”</b>	the person whose name is entered on the register in relation to any Unit;
<b>”U.S. person”</b> under Rule 902 generally includes the following:	<ul style="list-style-type: none"> <li>(a) any natural person resident in the United States (including U.S. residents temporarily residing abroad);</li> <li>(b) any partnership or corporation organised or incorporated under the laws of the United States;</li> <li>(c) any estate of which any executor or administrator is a U.S. person;</li> <li>(d) any trust of which any trustee is a U.S. person;</li> <li>(e) any agency or branch of a non-U.S. entity located in the United States;</li> <li>(f) any non-discretionary account or similar account (other</li> </ul>

than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act (as amended), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, "U.S. person" under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the Securities Act.

CFTC Rule 4.7 currently provides in the relevant part that the following persons are considered "Non-United States persons":

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (iii) an estate or trust, the income of which is not subject to United States income tax regardless of source;



- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-United States persons; or

a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

***“Valuation Point”***

5.00 pm on every Friday and the last working day of each month.

## 1. The Manager

Evelyn Partners Fund Solutions Limited (a private company limited by shares, incorporated in England and Wales), its ultimate holding company being Evelyn Partners Group Limited, incorporated in England and Wales.

Evelyn Partners Fund Solutions Limited was incorporated in England and Wales on 30th July 1985 and has issued and paid up share capital of 50,000 Ordinary Shares of £1 each, fully paid.

**Registered and Head Office** - 45 Gresham Street, London, EC2V 7BG. Registered in England, Company Number 01934644.

The Manager is responsible for managing and administrating the Scheme affairs in compliance with the COLL Sourcebook and the Regulations. The Manager may delegate its management and administration functions to third parties including associates subject to the COLL Sourcebook. The investment management of the Scheme has been delegated to the Investment Manager.

### Directors

The directors of the Manager are:

Andrew Baddeley  
Brian McLean  
Mayank Prakash  
Neil Coxhead  
Dean Buckley (Independent Non-Executive Director)  
Linda Robinson (Independent Non-Executive Director)  
Victoria Muir (Independent Non-Executive Director)  
Sally Macdonald (Independent Non-Executive Director)  
Guy Swarbreck (Non-Executive Director)

Other schemes managed by the Manager:

As at the date of this Prospectus, the Manager acts as authorised fund manager or authorised corporate director for the list of authorised unit trusts and investment companies with variable capital set out in Appendix VI.

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 177 Bothwell Street, Glasgow, G2 7ER.

## 2. The Trustee

### 3. 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 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 UK 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 The Bank of New York Mellon, London Branch (BNYM LB) (“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 UK UCITS by virtue of the Trust Deed and is a Bank authorised by the Regulator to act as trustee or depositary of a UK 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 Trust will indemnify the Trustee 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 90 days' 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 section "Valuation of Property, Charges And Distributions".

#### **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.

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.

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.

#### **4. The Investment Manager**

The Investment Manager to the Manager is Goldman Sachs International (Company No. 02263951).

**Registered office** - Plumtree Court, 25 Shoe Lane, London EC4A 4AU.

**Principal business activity** - Discretionary investment management.

**Authorisation** - The Investment Manager is authorised and regulated by the FCA.

**Main Terms of Agreement** - The Investment Manager has been appointed by the Manager to provide discretionary management services in respect of the Scheme. The Investment Manager therefore has authority to make investment decisions on behalf of the Manager. The Manager is however entitled to give further instructions to the Investment Manager. The full nature of the arrangements are set out in the Investment Management Agreement.

The Investment Management Agreement may be terminated at any time by the Manager if it is in the interest of Unitholders. Otherwise the Investment Management Agreement may be terminated by the Manager on the giving of 30 days' notice.

## **5. The Registrar**

The Manager of the Scheme is responsible for the Register of Unitholders. The Register of Unitholders is kept and may be inspected during office hours at 177 Bothwell Street, Glasgow, G2 7ER.

## **6. The Auditor**

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

## **7. Investment and Borrowing Powers**

### **7.1 General**

The descriptions of investments which may be included in the Scheme property and the extent to which the Scheme property may be invested in certain investments are subject to the limits set out in the COLL Sourcebook and the Scheme's investment policy.

The following investment limits apply in respect of the Scheme property:

**7.1.1** Not more than 35% in value of the Scheme property may be invested in Government and Public securities issued by any one issuer or of the same issue (in this context "issue", "issued" and "issuer" include "guarantee", "guaranteed" and "guarantor").

**7.1.2** Not more than 10% in value of the Scheme property may be invested in transferable securities and approved money market instruments which are not admitted to or dealt on an eligible market in terms of the COLL Sourcebook. The list of eligible securities markets is set out in Appendix II.

**7.1.3** Other securities - subject to the other restrictions mentioned in this Prospectus, there is generally no limit on the extent to which the Scheme property may be invested in investments which are approved securities as defined in the COLL Sourcebook.

**7.1.4** 100% in value of the Scheme property may be invested in units of other collective investment schemes provided that:

7.1.4.1. no more than 30% of the value of the Scheme is in collective investment schemes which are not UK UCITS schemes and only if the second scheme complies with the following requirements:

(a) be a UK UCITS or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA;

(b) be recognised under the provisions of section 272 of the Financial Services and Markets Act 2000 (Schemes authorised in designated countries or territories); or

(c) be authorised as a non-UCITS retail scheme (provided certain requirements are met); or

(d) be authorised in another EEA State (provided certain requirements are met); or

(e) be authorised by the competent authority of an OECD member county (other than an EEA state) which has:

i) signed the IOSCO Multilateral Memorandum of Understanding; and

- ii) approved the scheme's management company, rules and Trustee/custody arrangements;

provided certain the requirements are met.

- (f) it is a scheme which has terms which prohibit more than 10% in value of the Scheme property consisting of units in collective investment schemes; and

- 7.1.4.2. the instrument constituting such other scheme states that its investment will be restricted to or specialised in terms of a particular geographic area or economic sector and provided there is no double charging of the preliminary charge and otherwise in accordance with the COLL Sourcebook.

The Manager may, subject to the limitations in this paragraph 7.1.4 and to the rules contained in the COLL Sourcebook, invest in units of any collective investment scheme managed by the Manager or by an associate thereof or, if the collective investment scheme is an authorised company, the Manager or an associate thereof is the Manager of the authorised company. The maximum level of management fees that may be charged to the Scheme and to collective investment schemes in which the Scheme invests is 5%.

**7.1.5** The Manager must ensure that, taking account of the objective of the Scheme and the policy for achieving the objective, the Scheme property provides a prudent spread of risk.

**7.1.6** Not more than 5% in value of the Scheme property may be invested in transferable securities or approved money market instruments issued by the same issuer. This limit may be regarded as 10% in respect of transferable securities (other than transferable securities or approved money-market instruments to which COLL 5.2.12R (Spread: government and public securities) applies.) issued by the same issuer in respect of up to 40% in value of the Scheme property.

**7.1.7** The Scheme may not hold (a) transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issues them, and represent more than 10% of those securities issued by that body corporate; (b) more than 10% of the debt securities issued by any single issuing body; (c) more than 10% of the units in a collective investment scheme; and (d) more than 10% of the approved money market instruments issued by any single body.

**7.1.8** Up to 5% of the Scheme property may consist of warrants provided that there is no change to the property between the acquisition of the proposed warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the property at the time of the acquisition of the proposed warrant will be exercised (whether or not it is intended that they will be) and it is reasonably foreseeable that the exercise of the rights conferred by the warrant could be exercised by the Scheme without contravening the provisions of the Regulations.

**7.1.9** Up to 100% of the Scheme property may be invested in approved money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time provided the approved money market instrument is:

- 7.1.9.1. admitted to or dealt in on a regulated market;

7.1.9.2. dealt in on a market in the UK or an EEA State which is regulated, operates regularly and is open to the public;

7.1.9.3. admitted to or dealt in on an eligible market selected by the Manager and the Trustee in accordance with the COLL Sourcebook;

7.1.9.4. Where it is not admitted to or dealt in on an eligible market, the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed in accordance with the COLL Sourcebook.

**7.1.10** 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.

**7.1.11** Not more than 20% in value of the Scheme property is to consist of any combination of two or more of the following: (a) transferable securities or approved money-market instruments issued by; or (b) deposits made with; or (c) exposures from OTC derivatives transactions made with, a single body.

**7.1.12** Up to 100% of the Scheme property may be invested in deposits, provided that no more than 20% of the Scheme property consists of deposits issued by the same issuer.

**7.1.13** Subject to (a) the limitations referred to above; (b) the requirement that any investment in a transferable security on which any sum is unpaid may only take place if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Scheme, at the time when payment is required, without contravening the Regulations; and (c) the requirement that no security may be held in respect of which the liability of the holder to contribute to the debts of the issuer is not limited to any amount for the time being unpaid by the holder of it in respect of it (subject to the ability of the Manager to effect transactions for the purposes of hedging), there is no limitation on the amount of the Scheme property which may be invested in nil paid or partly paid securities.

**7.1.14** The Manager must not acquire or cause to be acquired for the Scheme of which it is the Manager 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:

immediately before the acquisition, the aggregate of any such securities held for the Scheme 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

**7.1.14.1** the acquisition gives the Manager that power.

For the purposes of this paragraph 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 of the authorised units 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).

**7.1.15** The extent to which the Scheme is permitted to enter into underwriting and placing agreements and other agreements of that nature is such that on any business day (a) they must be covered under in accordance with the Regulations as if the exposure had been incurred in the context of hedging by means of transactions in approved derivatives and (b) if all possible obligations arising under them had

immediately to be met in full, there must be no breach of any limit in the Regulations.

**7.1.16** A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Scheme if the consent of the Trustee is obtained in writing 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.

**7.1.17** The Scheme will not have an interest in any immovable property or tangible moveable property.

## **7.2 Government and Public Securities**

**7.2.1** This Section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

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

**7.2.2** Not more than 35% in value of the Scheme property may be invested in such securities issued by any one issuer or of the same issue (in this context “issue”, “issued” and “issuer” include “guarantee”, “guaranteed” and “guarantor”).

## **7.3 Cash**

It is anticipated that a proportion of approximately 0% to 10% of the value of the Scheme property will normally be held in cash, however, this proportion may be increased to up to 25% provided that in all cases the level of cash is reasonably regarded as necessary to enable Units to be redeemed or for the efficient management of the Scheme in accordance with its objectives or a purpose which may reasonably be regarded as ancillary to the investment objective of the Scheme.

## **7.4 Derivatives and forward transactions**

Derivative transactions may be used for the purposes of hedging using efficient portfolio management<sup>1</sup>. In pursuing the Scheme’s objective the Manager may make use of a variety of derivative instruments in accordance with the COLL Sourcebook. Where derivatives are used for hedging then this will not compromise the risk profile of the Scheme. Use of derivatives will not contravene any relevant investment objectives or limits. Please also see the paragraph headed “Efficient Portfolio Management” at 13.4.

<sup>1</sup> Efficient Portfolio Management (“EPM”) transactions may involve options, futures or contracts for differences or forward transactions in accordance with the FCA Rules. There is no limit on the amount of the property of a scheme which may be used for these purposes, but there are various requirements which must be satisfied. The specific aims of EPM are:

- (a) the reduction of risk - to hedge against either price or currency fluctuation to avoid volatility in the market and limit the down side of the risk. This aim also permits the use of tactical asset allocation;
- (b) the reduction of cost - the aims of reduction of risk or cost, together or separately, allow the Investment Manager on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the Investment Manager to undertake a switch in exposure by use of derivatives, rather than through sale and purchase of the scheme property; or
- (c) the generation of additional capital or income for the Scheme with a level of risk which is consistent with the risk profile of the Scheme and with the risk diversification rules laid down in the FCA Regulations.

The transaction must be economically appropriate for the purposes of EPM and any exposure must be fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise



**7.4.1** Except as set out in 7.4.5 below there is no upper limit on the use of transactions in derivatives or forward transaction for the Scheme but they must fall under 7.4.2 and 7.4.3.

**7.4.2** A transaction in a derivative must:

- (a) be a permitted OTC; or
- (b) be in a future, an option or a contract for differences effected on or under the rules of an eligible derivatives market which must be entered into with a counterparty that is acceptable in accordance with the COLL Sourcebook, must be on approved terms as to valuation and close out, must be capable of valuation and must relate to (a) the Scheme property; (b) property (whether precisely identified or not) which is to be proposed to be acquired for the Scheme; and (c) anticipated cash receipts of the Scheme if due to be received at some time and likely to be received within one month; and

7.4.2.1. be effected on or under the rules of an eligible derivatives market and it must not cause the Scheme to diverge from its investment objective. The eligible derivatives markets for the Scheme are set out in Appendix II.

Use of derivatives must be supported by a risk management process maintained by the Manager which should take account of the investment objective and policy of the Scheme.

Any forward transaction must be made with an Eligible Institution or an approved bank.

**7.4.3** No transaction may be entered into unless the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative or forward contract, is covered individually and covered globally. Exposure is covered individually if there is, in the scheme property (in the case of an exposure in terms of property) a transferable security or other property which is of the right kind, and sufficient in amount, to match the exposure and (in the case of an exposure in terms of money), cash or near cash or transferable securities which is or are, or, on being turned into money in the right currency, will be, sufficient in amount to match the exposure.

7.4.3.1. Cover used in respect of one transaction in derivatives or forward transaction may not be used for cover in respect of another transaction in derivatives or forwards. There must be sufficient available cover for all transactions concerned.

7.4.3.2. Cash not yet received into the Scheme property, but due to be received within one month, is available as cover for the purposes of 7.4.3.1.

7.4.3.3. Property the subject of a stock lending transaction is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

7.4.3.4. The global exposure relating to derivatives held in the Scheme may not exceed the net value of its Scheme property. Exposure is covered globally if, after taking account of all the cover required for other positions already in existence, adequate cover from within the scheme property is available to enable a fresh transaction to be entered into.

**7.4.4** A transaction in a derivative or forward transaction which would or could lead to delivery of property may be entered into only if: (a) the property can be held by the Scheme; and (b) the Manager has taken reasonable care to determine that delivery of the property by the transaction will not lead to a breach of the COLL Sourcebook.

**7.4.5** The exposure to any one counterparty in over the counter derivative transactions must not exceed 5% in value of the Scheme property, this limit being raised to 10% where the counterparty is an approved bank.

## **7.5 Stock lending**

**7.5.1** As an extension of hedging explained above, the Manager may request the Trustee to enter into certain stocklending arrangements in respect of the Scheme. Briefly, such arrangements are those where the Trustee delivers securities which are the subject of the arrangement in return for which it is agreed that securities of the same type and amount should be redelivered to the Trustee at a later date. The Trustee at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of the Scheme property which may be the subject of stock lending arrangements.

**7.5.2** Such arrangements must always comply with the requirements of the Taxation of Chargeable Gains Act 1992, section 263B. The arrangements must also comply with the requirements of the Regulations and the Guidance on Stocklending issued by the FCA as amended from time to time.

**7.5.3** Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the Regulations, be entered into for the account of the Scheme. Please also see the paragraph headed “Efficient Portfolio Management” at 13.4.

## **7.6 Borrowing and lending powers**

The Trustee may, on the instructions of the Manager and subject to the Regulations, borrow money from an Eligible Institution for the use of the Scheme on terms that the borrowing is to be repayable out of the Scheme property.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Trustee which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.

The Manager must ensure that borrowing does not, on any business day, exceed 10 per cent of the value of the Scheme property.

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

None of the money in the Scheme property may be lent. For this purpose, purchasing a debenture is not lending; nor is the placing of money on deposit or in a current account.

None of the Scheme property may be lent by way of deposit or otherwise. Stocklending is not lending for this purpose.

None of the Scheme property may be mortgaged.

## **7.7 Winding Up**

The Scheme will not be wound up except in accordance with the COLL Sourcebook.

The Trustee shall proceed to wind-up the Scheme:

**7.7.1** if the order declaring the Scheme to be an authorised unit trust scheme is revoked; or

- 7.7.2 if the Manager or the Trustee requests the FCA to revoke the order declaring a Scheme 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 a Trust, the FCA will accede to that request; or
- 7.7.3 the expiration of any period specified in the Trust Deed as the period at the end of which a Scheme is to be wound up; or
- 7.7.4 on the effective date of a duly approved scheme of arrangement which is to result in the Scheme being left with no Scheme Property; or
- 7.7.5 the passing of an extraordinary resolution winding up the Scheme, provided FCA's prior consent to the resolution has been obtained by the Manager or Trustee.

If any of the events set out above occurs the rules in the COLL Sourcebook, concerning Dealing (COLL 6.2), Valuation and pricing (COLL 6.3) and those of the COLL Sourcebook concerning 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.

In the case of a scheme of arrangement referred to in paragraph 7.7.4 above, the Trustee shall wind up a Scheme in accordance with the approved scheme of arrangement. In any other case, the Trustee shall, as soon as practicable after the Scheme falls to be wound-up, realise the assets of the Scheme 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 Scheme.

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Scheme after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, 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. Accounting dates**

The accounting reference date and interim accounting date of the Scheme are set out in Appendix I hereto.

## **9. The Characteristics of Units In The Scheme**

Each Holder of a Unit is entitled to participate in the Scheme property and the income thereof. The Trust Deed provides for the Units in the Scheme to be Income Units or Accumulation Units. Set out in Appendix I hereto are the types of Units presently being made available.

An Accumulation Unit is a Unit in respect of which the net income allocated after the date of issue thereof is to be accumulated and which represents such number (including fractions) of undivided shares in the Scheme property as may from time to time apply thereto. Where Accumulation Units are in issue, no cash distributions are made and no additional Units are issued. Instead, the income available for distribution is re-invested and the re-investment reflected in the price of the Accumulation Unit.

An Income Unit is a Unit in respect of which net income is to be distributed and which represents one undivided share in the deposited property. Cash distributions of income are made in respect of Income Units.

Title to the Units of the Scheme is evidenced by entries on a register of Unitholders. No certificates will be issued in respect of Units entered on the register. The nature of the right represented by Units in the Scheme is that of a beneficial interest under a trust.

The voting rights on any Extraordinary Resolution at any meeting of Unitholders of the Scheme are that on a show of hands every Unitholder of the Scheme who (being an individual) is present in person or, being a corporation, is represented by a properly authorised person has one vote.

On a poll, the voting rights for each Unit will be the proportion of the voting rights attached to all of the Units in issue that the price of such Unit bears to the aggregate price or prices of all of the Units in issue (i) if the unit is a participating security, at the close of business on a day determined by the Manager which shall not be more than 21 days before notice of the meeting is sent out or (ii) otherwise at the time selected by the Manager which shall be a reasonable cut-off date before notice of the meeting is sent out. A Holder 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. An extraordinary resolution must be carried by a majority of not less than 75 per cent of the votes cast at a meeting. Where every Unitholder is prohibited under COLL 4.4.8R(4) from voting, 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.

A corporation, being a Holder, may authorise such person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Holder.

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

On a poll, votes may be given either personally or by proxy. A person appointed to act as a proxy need not be a Holder.

The Manager is entitled to receive notice of and attend any meeting of Unitholders, but is not entitled to vote or be counted in the quorum except in respect of any Units which the Manager holds on behalf of or jointly with a person who, if himself the sole registered Unitholder would be entitled to vote and from whom the Manager has received voting instructions. Any associate of the Manager may attend and be counted in the quorum, but no associate, other than an associate which holds on behalf of or jointly with a person (who if himself a registered Unitholder would be entitled to vote) from which it has received voting instructions, is entitled to vote at any such meeting.

## **10. Valuation Of Property, Charges And Distributions**

All fees or expenses payable out of the Scheme property are set out in this section.

### **10.1 General**

The Scheme property will be valued at 5.00 pm on every Friday and the last working day of each month. Where either or both are not business days, the Scheme will be valued on the previous business day. The Manager will carry out additional valuations of the Scheme property, if the Manager considers it desirable to do so.

There is only a single price for any Unit as determined from time to time by reference to a particular Valuation Point.

## **10.2 Determination of net asset value of the Scheme**

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

**10.2.1** All Scheme property (including receivables) is to be included, subject to the following provisions.

**10.2.2** Property which is not cash (or other assets dealt with in point 10.3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

**10.2.3** units or shares in a collective investment scheme:

10.2.3.1. if a single price for buying and selling units or shares is quoted, at that price; or

10.2.3.2. if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

10.2.3.3. 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 value which, in the opinion of the Manager, is fair and reasonable;

**10.2.4** any other transferable security:

10.2.4.1. if a single price for buying and selling the security is quoted, at that price; or

10.2.4.2. if separate buying and selling prices are quoted, at the average of the two prices; or

10.2.4.3. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable;

**10.2.5** property other than that described in 10.2.3 and 10.2.4 above:

at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.

**10.3** Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

**10.4** Property which is a contingent liability transaction shall be treated as follows:

**10.4.1** if a written option, (and the premium for writing the option has become part of the Scheme property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the Manager and the Trustee;

**10.4.2** if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;

**10.4.3** if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, the method of valuation shall be agreed between the Manager and the Trustee.

**10.5** In determining the value of the Scheme property, all instructions given to issue or cancel Units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

- 10.6 Subject to paragraphs 10.7 and 10.8 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.
- 10.7 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 10.6.
- 10.8 All agreements are to be included under paragraph 10.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 10.9 Deduct an estimated amount for anticipated tax liabilities in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, VAT, stamp duty and stamp duty reserve tax.
- 10.10 Deduct an estimated amount for any liabilities payable out of the Scheme property and any tax thereon treating periodic items as accruing from day to day.
- 10.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 10.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 10.13 Add any other credits or amounts due to be paid into the Scheme property.
- 10.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 10.15 Currencies or values in currencies other than base currency shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of holders or potential holders.

The most recent prices will be available on [www.trustnet.com](http://www.trustnet.com) or by telephone on 0141 222 1151.

#### **10.16 Manager's charges**

- 10.16.1** The Trust Deed permits the Manager to deduct an initial charge ("Initial Charge") from the total amount of any subscription paid by any investor, at the percentage rate set out in Appendix I of that total subscription amount (though this Initial Charge may be waived wholly or partially at the Manager's discretion). Accordingly where an Initial Charge is deducted, the amount actually invested into Units in the Scheme will be less than the amount subscribed by an investor. The Manager may not increase the Initial Charge unless it has given written notice to the Trustee and (to the extent required by the Regulations) Unitholders and has revised the Prospectus to reflect the new initial charge and 60 days have elapsed since the revised Prospectus became available.
- 10.16.2** The Trust Deed contains a power enabling the Manager to make a charge on redemption of Units in the Scheme. Currently, the Manager does not make a charge on redemption of Units. If, at any time in the future, the Manager were to decide to make a charge, it will, prior to introducing such a charge, comply with the relevant requirements of the Regulations (if any) in this regard.
- 10.16.3** In addition, the Trust Deed permits the Manager to make a periodic charge (usually referred to as the annual management charge) out of the Scheme property. The current annual management charge is the sum of:

10.16.3.1. 0.15% per annum of Scheme Property, subject to a minimum annual charge of £33,000, (out of which the Manager's expenses will be met); and

10.16.3.2. 0.765% per annum of Scheme Property (out of which the fees of the Investment Manager will be met).

10.16.4 The annual management charge is based on the month end valuation from the previous month, accrues daily and is payable monthly in arrears on the last Business Day of each month.

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.

#### 10.17 Trustee's charges

As remuneration for its services for the Trust, the Trustee is entitled to receive a periodic charge and transaction fees out of the property of the Trust. The periodic fee, which accrues daily and is payable monthly in arrears on the last Business Day of each month, is based on the value of the property of the Trust on the last Business Day of the preceding month and is determined at the Valuation Point on each Dealing Day. The fee is currently 0.0275% on the first £50 million, 0.025% between £50 million and £100 million, 0.02% above £100 million (+ VAT) per annum of the value of the property of the Trust, subject to a minimum fee of £2,500 for the first year, £5,000 for the second year and £7,500 thereafter per annum (+ VAT).

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 safe-keeping of the Scheme Property as follows:

Item	Range
Transaction Charges	Between £5.00 and £472 per transaction
Safe Custody Charges	Between 0.003% and 0.50%* of the value of investments being held per annum  *With the exception of: <ul style="list-style-type: none"><li>• USA (Physical Securities) - £14 per line per calendar month.</li><li>• Not in Bank / Not in Custody Assets - £65 per line per calendar month.</li></ul>

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

The Manager agrees the rates of these fees with the Trustee from time to time.

## **10.18 Other Charges**

The following expenses may also be paid out of the Scheme property:

- 10.18.1** Broker's commission, fiscal charges and other disbursements which are:
  - 10.18.1.1. necessarily incurred in effecting transactions for the Scheme; and
  - 10.18.1.2. normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 10.18.2** interest on borrowings permitted under the Scheme and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 10.18.3** taxation and duties payable in respect of the Scheme property, the Trust Deed or the surrender and issue of Units and any stamp duty reserve tax charged in accordance with Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment of it);
  - 10.18.3.1. any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of holders convened for the purposes of modifying the Trust Deed where the modification is:
    - 10.18.3.2. necessary to implement or necessary as a direct consequence of any change in the law (including changes to regulations); or
- 10.18.4** expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and Trustee believes is in the interest of the Unitholders; or
  - 10.18.4.1. to remove from the Trust Deed obsolete provisions;
- 10.18.5** any costs incurred in respect of meetings of holders convened by the Trustees or on a requisition by holders not including the Manager or an associate of the Manager;
- 10.18.6** liabilities on unitisation, amalgamation or reconstruction;
- 10.18.7** the audit fee properly payable to the auditor and any proper expenses of the auditor;
- 10.18.8** the fees of the FCA under Schedule 2, Part III of the Financial Services and Markets Act 2000 or the corresponding fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Scheme are or may be marketed;
- 10.18.9** VAT properly payable in connection with 10.18.1 to 10.18.9;



- 10.18.10 costs incurred in maintaining the register and any plan register;
- 10.18.11 costs incurred in collecting and distributing income;
- 10.18.12 costs incurred in submitting tax returns;
- 10.18.13 costs incurred in handling tax claims;
- 10.18.14 costs incurred in preparing the Trustee's annual and interim reports;
- 10.18.15 stock lending;
- 10.18.16 performing such other duties as the Trustee is required by law to perform; and
- 10.18.17 any out of pocket expenses permitted by law including the fees and expenses of professional advisors and agents used by the Trustee in connection with its duties and any applicable VAT thereon.

Where charges are taken from capital this may constrain the capital growth of the Scheme.

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

## 10.19 Dilution Adjustment

The basis on which the Scheme's investments are valued for the purposes of calculating the price of Units is summarised elsewhere in this document. The Scheme's investments are valued on a mid-market basis in accordance with the COLL Sourcebook.

However, the actual cost of purchasing or selling investments may deviate from the mid-market value used in calculating the Unit price, due to dealing costs such as broking charges, taxes and any spread between the buying and selling prices of the underlying investments.

These dealing costs can have an adverse effect on the value of the Scheme, known as "dilution".

The COLL Sourcebook allows the cost of dilution to be met directly from the Scheme's assets or to be recovered from investors on the purchase or redemption of Units, inter alia, by means of a dilution adjustment to the dealing price, which is the policy which has been adopted by the Manager.

To mitigate the effects of dilution the Manager therefore will have the discretion to make a dilution adjustment in the calculation of the dealing price and thereby adjust the dealing price of Units on any given day.

The need to make a dilution adjustment will depend on the volume of purchases or redemptions on any given day.

The Manager may make a discretionary dilution adjustment if in its opinion the existing (for net purchases) or remaining (for net redemptions) Unitholders might otherwise be adversely affected. The Manager will therefore reserve the right to impose a dilution adjustment in the following circumstances:

- 10.19.1 where the Scheme is in continual decline (is suffering a net outflow of investment);
- 10.19.2 where the Scheme is experiencing large levels of net sales relative to its size;

- 10.19.3 where the Scheme is experiencing net sales or net redemptions on any day equivalent to 1% or more of the size of the Scheme; and
- 10.19.4 in any other circumstances where the Manager believes it will be in the interests of Unitholders to make a dilution adjustment.

This policy to swing the dealing price will be subject to regular review and may change.

The Manager’s decision on whether or not to make a dilution adjustment and at what level this adjustment might be made in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.

Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the Scheme and decrease the dealing price when there are net outflows. The dealing price of each class of Unit will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of Units of each class identically.

As dilution is directly related to the inflows and outflows of monies from the Scheme, it is not possible to predict accurately whether dilution will occur at any future point in time. Consequently it is also not possible to predict accurately how frequently the Manager will need to make such a dilution adjustment.

If a dilution adjustment is required then, based on future projections the estimated rate or amount of such adjustment will be:

Estimated dilution adjustment applicable to sales	Estimated dilution adjustment applicable to redemptions
0.06%	0.0%

**10.20 Calculation of Dilution Adjustment**

As explained above, the Manager may make a dilution adjustment when calculating the price of a Unit. In deciding whether to make a dilution adjustment the Manager must use the following bases of valuations:

- 10.20.1 when by reference to any Valuation Point the aggregate value of the Units of all classes issued exceeds the aggregate value of Units of all classes cancelled (i.e. the Scheme is experiencing a net inflow of investment) any adjustment must be upwards and the dilution adjustment must not exceed the Manager’s reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been had the Scheme property been valued on the best available market offer basis plus dealing costs; or
- 10.20.2 when by reference to any Valuation Point the aggregate value of the Units of all classes cancelled exceeds the aggregate value of Units of all classes issued (i.e. the Scheme is experiencing a net outflow of investment) any adjustment must be downwards and the dilution adjustment must not exceed the Manager’s reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been had the Scheme property been valued on the best available market bid basis less dealing costs.

**10.21 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. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, sale or transfer of Units.

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

##### **US Foreign Account Tax Compliance Act**

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 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 to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Trust 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 1<sup>st</sup> 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.

## **10.22 Distributions**

Allocations of income (if any) are made to Holders of Units in the Scheme on the record dates, and, in respect of income Units (if any), distributions of income on the distribution dates set out in Appendix I hereto.

The Trustee is not required to distribute income allocated to any Units in any case where the Manager or the Trustee considers it necessary or appropriate to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory, regulatory or European Union obligation.

The Manager and the Trustee have agreed a de minimis amount of £20 in respect of distribution of income payments made by cheque.

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

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 Scheme in respect of that period, and deducting the aggregate of the Manager's and Trustee's remuneration and other payments properly paid or payable out of the income account in respect of that accounting period and adding the Manager's best estimate of any relief from tax on that

remuneration and those other payments. The Manager then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation the proportion of the prices received or paid for Units is related to income (taking into account any provisions in the Trust Deed relating to income equalisation), potential income which is unlikely to be received until 12 months after the 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. Distributions are paid by crediting a Unitholder's bank or building society account.

### **10.23 Equalisation**

Grouping for income equalisation is permitted by the Trust Deed. Income equalisation in respect of a Unit issued or re-issued by the Manager during the grouping period for which an income allocation is to be made means a capital sum representing the Manager's best estimate of the amount of income included in the creation price of a Unit by reference to which the issue or selling price of that Unit was determined. The amount of income equalisation per Unit is the amount arrived at by taking the aggregate of the amounts of income included in the creation price in respect of Units issued or re-issued by the Manager in the grouping period in question and dividing that aggregate by the number of those Units and applying the resultant average to each of the Units in question.

Income equalisation is refunded to Holders in the first distribution after an acquisition of Units from the Manager and in respect of the Units so acquired (known for the distribution period as Group 2 Units, all other Units being known as Group 1 Units) as a return of capital and, being capital, it is not liable to income tax. It must however be deducted from the cost of Units for purposes of tax on capital gains.

The grouping periods of the Scheme are set out in Appendix 1 hereto.

## **11. The Purchase and Redemption of Units in the Scheme**

### **11.1 General**

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 shares, 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 Shares in the future

Investors may apply to the Manager on any normal business day between the hours of 9.00 am and 5.00 pm in writing to 177 Bothwell Street, Glasgow, G2 7ER or by telephone on 0141 222 1150 to purchase or redeem Units. Units will be purchased or redeemed at the buy or sell price calculated at the next Valuation Point following receipt of the request for purchase or redemption in accordance with the COLL Sourcebook. In the case of deals transacted after the relevant Valuation Point on a business day, Units will normally be purchased where applicable or redeemed at the prices calculated in accordance with the COLL Sourcebook by reference to the next Valuation Point ("Forward Prices").

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 applying in writing and where minimum investment levels allow, investors' cheques (up to a maximum value of £50,000) should accompany their applications. All purchases of Units will be acknowledged by a contract note. In the case of telephone applications, payment is due immediately on receipt of the contract note. Cheques should be made

payable to Evelyn Partners Fund Solutions Limited. Unit certificates are not issued in respect of the Scheme.

On a redemption of Units, instructions to redeem must be made in writing to the Manager and signed by all holders of the Units to which the instructions relate. Alternatively, telephone or fax instructions may be placed with the Manager in which case a form of renunciation will need to be signed by all registered Unitholders. The form of renunciation will accompany the repurchase contract note. After the receipt of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Unitholders, redemption proceeds will be made on the fourth business day following the later of (a) the Valuation Point at which the price for the redemption was determined or (b) the time when the Manager has all the duly executed instruments and authorisations to effect the transfer of title to the Units or shares. Partial disposals are permitted, but the Manager may refuse to accept an instruction to redeem part of a holding if by doing so the residual value of the Units remaining in the holding would be less than the minimum initial investment requirement. The minimum initial investment is £100,000 and £50,000 for subsequent investments. These limits may be waived at the Manager's discretion.

The Manager may with the prior agreement of the Trustee, or shall if the Trustee so requires at any time, temporarily suspend the issue, cancellation, sale and redemption of Units, when the Manager or the Trustee is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Unitholders or potential Unitholders. The Manager and the Trustee must formally review the suspension at least every 28 days and inform the FCA of the results of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased. The calculation of the issue and cancellation prices will recommence on the business day next following such circumstances ceasing to apply.

Cancellation prices - The cancellation price of the Scheme last notified to the Trustee is available on request from the Manager.

The Manager is under no obligation to account to the Trustee or to the participants in the Scheme for any profit the Manager makes on the issue of Units in the Scheme or on the re-issue or cancellation of Units in the Scheme which the Manager has redeemed.

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

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 4th Business Day following the Valuation Point.

The Manager may accept applications to purchase shares by electronic communication. Electronic communication does not include email

The Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the 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.

## **11.2 Minimum Holdings**

The minimum value of Units in the Scheme which any one person may invest in is £100,000 in respect of a first transaction. The minimum in respect of any subsequent transaction is £50,000.

Redemption requests may be for any value of Units in the Scheme, although a Holder will not be entitled to realise part only of his holding of Units without the approval of the Manager and the Trustee if by doing so his holding would be reduced to less than a minimum value of Units of £100,000 in the Scheme.

The Manager may waive the requirements of the preceding two paragraphs in any particular case prescribed by it.

### **11.3 Suspension of Dealing in Units**

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 the Scheme where due to exceptional circumstances it is in the interests of all the Unitholders in the Scheme.

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 Scheme is 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.

### **11.4 Money Laundering and Mandatory Redemption**

As a result of legislation in force in the United Kingdom to prevent money laundering, the Manager is responsible for compliance with anti-money laundering regulations. In order to implement these procedures, in certain circumstances Unitholders may be asked to provide some proof of identity, for example when buying or selling Units. Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue Units, pay the proceeds of a redemption of Units, or pay income or Units to the investor.

A mandatory redemption or conversion of Units may be required if the investor is subject to any restrictions on investing in the United Kingdom or for any other reasonable cause at the discretion of the Manager.

## **12. General Information**

### **12.1 Reports and Trust Deed**

The annual report and half-yearly report in respect of the Scheme will be published each year on, or no later than, the dates set out in Appendix I hereto. The annual and half-yearly reports are available upon request.

Copies of the Trust Deed constituting the Scheme (and of all Deeds supplementary thereto) and of the most recent annual and half-yearly reports of the Scheme may be inspected at the offices of the Manager at 45 Gresham Street, London, EC2V 7BG, from where copies of the Trust Deed and most recent annual and half-yearly reports of the Scheme may also be obtained on request subject in the case of the Trust Deed to the payment of £5 per copy Deed.

Where it is necessary or appropriate to contact Unitholders generally, for example to serve any notice or document on them or to inform them of a Unitholders' meeting, this will be done by post at the last known address held in the Register of Unitholders.

## **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 Trust and to individual and corporate investors who are the absolute beneficial owners of a holding in the Trust 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 seek professional advice or information from local organisations. Levels and bases of, and reliefs from, taxation are subject to change in the future.

The following is divided into sections relating to “Bond Trust” and “Equity Trust”. A “Bond Trust” is a Trust which invests more than 60% of its market value in “Qualifying Investments” (at all times in each distribution period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Trust and the investors within it are treated separately in this section.

### **Taxation of an Equity Trust**

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

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

#### **Tax on Income**

An Equity Trust 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 resident companies are exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and other UK ICVCs are generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income received 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 including Israel, Portugal, Russia and Ukraine may 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 Trust.

### **Taxation of a Bond Trust**

#### **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 investments in equities, (except insofar as income gains - see below) accruing to a Bond Trust will be exempt from UK tax on chargeable gains.

#### **Tax on Income**

Bond Trusts 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. Such income will be computed according to the generally accepted accounting practice relevant to the Trust.

The total of the above elements will be taxed under Schedule D Case III. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Trust would be expected to 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 Bond Trust intend that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant in two material respects:

- distributions made should be deductible for corporation tax purposes against UK taxable income; and
- UK income tax, currently at a rate of 20%, should be deducted from distributions made by the Bond Trust and accounted for by it to HM Revenue & Customs. However the obligation to deduct income tax from interest distributions does not apply in certain cases, notably where a non-resident beneficial owner of the units makes a valid declaration ("NOR declaration") to the Trust in advance of a distribution being made or the distribution is paid to certain categories of qualifying intermediary.



Schedule D Case III income, less gross interest distributions for UK corporation tax purposes, expenses (including Managers' and trustees' fees) and non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the lower rate of income tax (currently 20%). It is not expected that the corporation tax charge will be significant.

### **Stamp Duty Reserve Tax**

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.

### **EU Savings Directive**

UK resident individual Unitholders who invest directly in Units of the Trust or via a UK entity, and corporate investors (whether UK resident or not) will not be subject to the EU Savings Directive.

The EU Savings Directive requires Member States of the European Union to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a paying agent established in the Member State to an individual resident in another Member State by way of automatic information exchange. Austria is the only Member State which does not have a system for automatic information exchange. Austria instead imposes a system of withholding tax of 35% unless the investor elects for the exchange of information. Switzerland, Monaco, Lichtenstein, Andorra, San Marino, the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean have also introduced measures equivalent to information reporting or withholding tax.

Where a non-UK resident individual unitholder receives a distribution by the trust that distribution will be subject to the EU Savings Directive if more than 15% of the Trust's assets are invested in debt securities. Proceeds realised by Unitholders on the disposal of Units may be subject to such reporting or withholding if more than 25% of the Trust assets are invested in debt instruments.

The Council of the European Union adopted Directive 2014/48/EU on 24 March 2014, amending Directive 2003/48/EC on the taxation of savings income. The Member States were required to transpose new Directive 2014/48/EU into national law by 1 January 2016 and must apply the new requirements with effect from 1 January 2017. The changes made by directive 2014/48/EU include extending the scope of the EU Savings Directive to payments made to certain entities and legal arrangements and broadening the definition of interest payment to cover income that is equivalent to interest.

## **13. Additional Information**

### **13.1 Risk Management**

A statement on the methods used for risk management, supplemental to what is contained in this Prospectus, in connection with the Scheme and the quantitative limits used together with the current risk yields of the main categories of investments is available from the Manager on request.

### **13.2 Risk Factors**

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

#### **13.2.1 General**

The investments of the Scheme are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Scheme. There is no assurance that the investment objective of the Scheme will actually be achieved and no warranty or representation is given to this effect.

### **13.2.2 Effect of Initial Charge**

Where any initial charge is imposed, an investor who realises his Units after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Units should be viewed as a long term investment.

### **13.2.3 Suspension of Dealings in Units**

As set out at paragraph 11.3 above, investors are reminded that in certain circumstances their right to redeem Units may be suspended.

### **13.2.4 Currency Exchange Rates**

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment.

### **13.2.5 Leverage Risk**

Leverage is where a Trust 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 Trust.

### **13.2.6 Emerging Markets**

Where the Scheme invests in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Investment in emerging markets may involve a higher than average risk.

Investors should consider whether or not investment in the Scheme is either suitable for, or should constitute a substantial part of, an investor's portfolio.

Companies in emerging markets may not be subject:

- to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions. Given the lack of a regulatory structure, it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

Restrictions on foreign investment in certain securities may be imposed on the Scheme and, as a result, may limit investment opportunities for the Scheme. Substantial

government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

### **13.3 Liabilities of the Scheme**

Holders are not liable for the debts of the Scheme. A holder is not liable to make any further payment to the Scheme after he has paid the purchase price of the Units.

### **13.4 Efficient Portfolio Management**

The Scheme may make use of efficient portfolio management techniques (EPM) to reduce risk and/or costs in the Scheme and to produce additional capital or income in the Scheme with a level of risk which is consistent with the risk profile of the Scheme and the risk diversification rules set out in the COLL Sourcebook. Techniques used by the Scheme may include using derivatives for hedging, borrowing, holding cash.

It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Scheme and indeed EPM is intended to reduce volatility. In adverse situations, however, the Scheme's use of derivatives may become ineffective in hedging or EPM and the Scheme may suffer significant loss as a result. The Scheme's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Any income or capital generated by efficient portfolio management techniques will be paid to the Trust.

Use of one or more separate counterparties will be made to undertake derivative transactions on behalf of the Scheme and the Scheme may be required to pledge or transfer collateral paid from within the assets of the Scheme to secure such contracts. The current policy of the Manager is not to undertake derivative transactions or efficient portfolio management techniques involving the receipt of collateral. Should any derivative transactions be entered into in future which involve the use of collateral, this 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 the Scheme enters into any transactions which require it to hold collateral from a counterparty.

**There is no guarantee that the performance of the financial derivative instruments will result in a positive effect for the Trust or its investors. There may be a risk that a counterparty will wholly or partially fail to honour their contractual obligations under the derivative instruments. The use of financial derivative instruments may result in losses for investors.**

The Manager or the Investment Manager measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager.

A counterparty may be an associate of the Manager or the Investment Manager which may give rise to a conflict of interest. For further details on the Manager's conflicts of interest policy please see below.

The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Scheme. 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 Scheme.

The Scheme does not currently undertake stock lending. If this were to change in the future this Prospectus will be reviewed and updated.

### **13.5 Documents of the Scheme:**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the Manager at 45 Gresham Street, London, EC2V 7BG.

1. the most recent annual and half-yearly reports of the Scheme;
2. the trust deed (and any amending trust deed);
3. the Prospectus.

The Manager may make a charge at its discretion for copies of documents.

### **13.6 Strategy for the Exercise of Voting Rights**

The Manager has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of the Scheme. A summary of this strategy is available from the Manager on written request. Further details of the actions taken on the basis of this strategy for the Scheme are also available from the Manager on written request.

### **13.7 Disclosures**

The Manager will make such disclosures to the Scheme regarding inducements as are required under the FCA Rules.

### **13.8 Late Trading and Market Timing**

"Late Trading" is defined as the acceptance of a subscription, redemption or switch order received after the Scheme's applicable Valuation Point for that Dealing Day. Late Trading is not permitted. As such, orders will not be accepted using the price established at the Valuation Point for that Dealing Day if orders are received after that time.

Late Trading will not include a situation in which the Manager is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

In general, "market timing" refers to the investment behaviour of a person or group of persons buying, selling or switching Units on the basis of predetermined market indicators. Market timing may also be characterised by transactions that seem to follow a timing pattern or by frequent or large transactions in Units. The Manager does not knowingly allow investments which are associated with market timing activities, as these may adversely affect the interests of all Unitholders and will take active measures to frustrate such practices where it has reasonable grounds to suspect these strategies are being or may be attempted.

### **13.9 Conflicts of Interest**

The Manager, the Investment Manager and other companies within the Manager's and/or the Investment Manager's groups may, from time to time; act as investment manager or adviser to other funds which follow similar investment objectives to those of the Scheme. 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 Scheme or that a conflict exists between the Scheme and other funds managed or advised by the Manager or Investment Manager respectively. Each of the Manager and the Investment Manager will, however, have regard in such event to its obligations under the Manager Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Scheme so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager and the Investment Manager will ensure that the Scheme and other collective investment schemes it manages are fairly treated.

The Trustee may, from time to time, act as trustee or depositary of other companies or funds.

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 the Scheme. 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 Scheme 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 Scheme than if the potential conflict had not existed.

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 Scheme 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 such other appropriate format.

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

### **13.10 Notices**

Notices and documents will be sent to the Unitholders registered address. All documents and remittances are sent at the risk of the Unitholder.

### **13.11 Complaints**

Complaints may be made to the Compliance Officer of the Manager at 45 Gresham Street, London, EC2V 7BG. If the complainant is dissatisfied with the response(s), then he may refer his complaint to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the Manager's complaint 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 the Trust is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **13.12 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.

### **13.13 Past Performance**

Details of past performance of the Scheme are contained in Appendix III.

If you are in any doubt about the contents of this Prospectus you should consult the Manager or a financial adviser.

### **13.14 Telephone Recordings**

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.

### **13.15 Best Execution**

The Manager must act in the best interests of the Trust when executing decisions to deal on behalf of the Trust. 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 Trust. 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.

### **13.16 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 Trust, 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 the Trust 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 the Trust, 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 Trust; 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 the Trust.

### **13.17 Genuine Diversity of Ownership (GDO)**

Units in, and information on, the Trust are and will continue to be marketed and made easily and widely available to reach the intended categories of investors and in a manner appropriate to attract those categories of investors. The intended categories of investors are retail and institutional investors.

## APPENDIX 1

### Investment Objective, Policy and Other Details of the Trust

Investment of the assets of the Trust must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy are set out overleaf together with other information including available Unit Classes, charges, minimum investment levels and distribution dates.

#### 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 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 can be provided free of charge on request.

Date of Trust Deed:	30 January 2007 together with all supplemental deeds thereto
The type of authorised unit trust scheme to which the Scheme is intended to belong is a:	UK UCITS scheme
FCA Product Reference Number:	188913
Base currency:	Sterling
Accounting Reference and Record Date and Interim Accounting Date:	31 July and 31 January
Interim Accounting Period:	1 August to 31 January
Annual Management Charge:	In respect of the Manager's services as authorised fund manager of the Scheme: 0.15% per annum of the value of the Scheme Property subject to a minimum annual payment of £33,000, together with any VAT due thereon.  In respect of the Investment Manager's services: 0.765% per annum of the value of the Scheme Property, together with any VAT due thereon.
Initial Charge:	7%
Charge for investment research:	None
Charges taken from Income:	Yes
Distribution Date:	2 clear business days before 30 September
Dates for the publication of the Annual and Half-Yearly Reports:	30 November and 31 March The first Accounting Reference Date was 31 July 2000 and the first Annual Report was published on 30 September 2000.
Minimum Initial Investment:	£100,000
Unit Types:	Accumulation Units Income Units
Grouping Periods:	1 August to 31 July
Forward Price Dealing Times on business days (Monday to Friday):	9.00 a.m. to 5.00 p.m. (Note that transactions will not be effected until the next Valuation Point).



## APPENDIX II

### APPROVED SECURITIES AND ELIGIBLE SECURITIES MARKET

The Scheme may deal through securities and derivative markets which are regulated markets and meet the requirements for Eligible Markets as set out in COLL 5.2.10 which includes any market which is regulated, operates regularly and is open to the public located in the UK or an EEA/EU State.

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

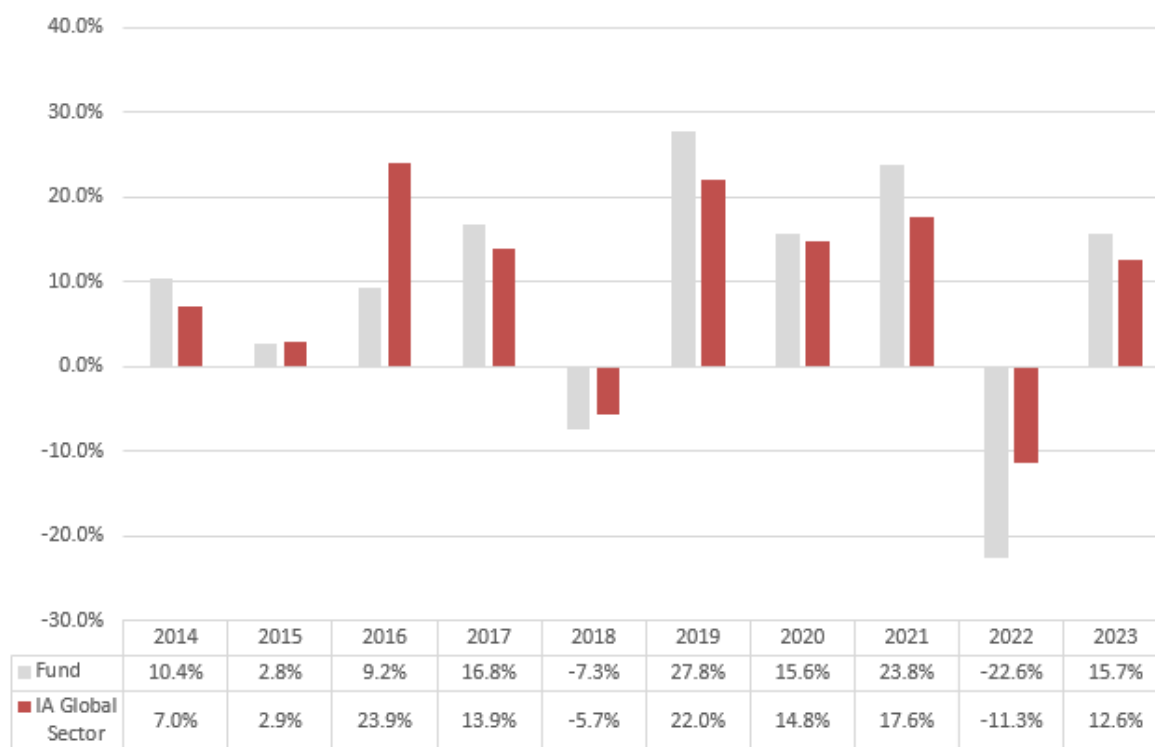
The Netherlands	NYSE Euronext Amsterdam
Australia	Australian Securities Exchange
Brazil	BM&FBOVESPA S.A.
Canada	The Montreal Exchange
Canada	Toronto Stock Exchange
Canada	TSX Venture Exchange
Channel Islands	Channel Islands Stock Exchange
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
India	BSE Limited
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Japan	Nagoya Stock Exchange
Japan	Osaka Securities Exchange
Japan	Sapporo Securities Exchange
Japan	Tokyo Stock Exchange
Korea, Republic of	Korea Exchange
Malaysia	Bursa Malaysia
Mexico	Mexican Stock Exchange (Bolsa Mexicana de Valores)
New Zealand	New Zealand Exchange Ltd
Peru	Lima Stock Exchange (Bolsa de Valores de Lima)
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Sri Lanka	Colombo Stock Exchange
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Borsa Istanbul
United States of America	Chicago Stock Exchange
United States of America	NASDAQ
United States of America	NASDAQ OMX BX
United States of America	NASDAQ OMX PHLX
United States of America	National Stock Exchange
United States of America	New York Stock Exchange
United States of America	NYSE Arca
United States of America	NYSE MKT LLC

## ELIGIBLE DERIVATIVES MARKETS

Australia	Australian Securities Exchange
Canada	The Montreal Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Osaka Securities Exchange
Japan	Tokyo Financial Exchange
Japan	Tokyo Stock Exchange
New Zealand	New Zealand Exchange Ltd
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	Eurex Zurich
United States of America	CME Group
United States of America	ICE Futures U.S.
United States of America	NASDAQ OMX PHLX
United States of America	NYSE MKT LLC

## APPENDIX III

### PAST PERFORMANCE DETAILS



Source: Fund: FE fundinfo 2024  
Benchmark: Morningstar

#### Notes:

- 1) All performance data is sourced from FE (except where otherwise stated) on a Total Return Series, with initial charges excluded but including annual charges, income reinvested net of UK tax. All figures are in Sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.
- 2) Past performance is not a guide to the future.
- 3) Please remember that the value of Units and the income from them can fall as well as rise and investors may not get back the full amount originally invested
- 4) The Securities Fund's name was changed from the Newton Securities Fund on 1 March 2014.

## Appendix IV

### List of Directors of Evelyn Partners Fund Solutions Limited

**Name of Director**

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

Sally Macdonald (Independent Non-Executive Director)

Guy Swarbreck (Non-Executive Director)

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

## APPENDIX V

### Typical Investor Profile(s)

Below is an indication of the target market of the Trust as required under MiFID II and its supplementing regulations, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable. 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 this Trust please seek advice from your professional adviser.

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

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

The Trust seeks to increase capital and has a neutral stance on income growth over a long time period.

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

## APPENDIX VI

### List of Authorised Funds that the Manager acts as authorised fund manager or authorised corporate director for

Authorised Unit Trusts	Investment Companies with Variable Capital
Dragon Trust	Bute Fund
Eagle Fund	Earlstone Fund
Evelyn Witch General Trust	Evelyn Partners Funds
Langham Trust	Evelyn Partners Investment Funds ICVC
Magnum Trust	Forest Fund ICVC
Marathon Trust	Ganymede Fund
Orchard Fund	GFS Investments Fund
Ourax Unit Trust	Glairnox Fund
Spenser Fund	Gryphon Investment Funds
SVS DW Asia Income & Growth Fund	Hercules Managed Funds
SVS Dowgate Wealth UK New Economies Fund	Issodola Fund
SVS Sanlam European Equity Fund	JC Investments Fund
SVS Sanlam Fixed Interest Fund	Kanthaka Fund
SVS Sanlam North American Equity Fund	Moorgate Funds ICVC
The Acorn Trust	New Square Investment Funds
The Alkerton Trust	Pendennis Fund ICVC
The Barro II Trust	Pharaoh Fund
The Capital Balanced Fund	Pityoulish Investments Fund
The Dream Trust	Quercus Fund
The Endeavour II Fund	Sardasca Fund
The Enterprise Trust	Sherwood Fund
The Global Opportunities Fund	Smithfield Funds
The Ilex Fund	Starhunter Investments Fund
The Jetwave Trust	Stratford Place Fund
The Lancaster Trust	Sussex Fund
The Millennium Fund	SVS Aubrey Capital Management Investment Funds
The Plain Andrews Unit Trust	SVS Brooks Macdonald Fund
The Securities Fund	SVS Brown Shipley Multi Asset Portfolio
Worldwide Growth Trust	SVS Cornelian Investment Funds
	SVS Dowgate Wealth Funds ICVC
	SVS Heritage Investment Fund
	SVS Kennox Strategic Value Fund
	SVS RM Funds ICVC
	SVS Saltus Onshore Portfolios
	SVS WAM Investment Funds
	SVS Zeus Investment Funds ICVC
	Sylvan Funds
	Taber Investments Fund
	The Air Pilot Fund
	The Aurinko Fund
	The Blu-Frog Investment Fund
	The Brighton Rock Fund
	The Cheviot Fund
	The Daisybelle Fund
	The Dinky Fund
	The Dunninger Fund
	The Folla Fund
	The Galacum Fund
	The Global Balanced Strategy Fund
	The Gloucester Portfolio
	The Headspring Fund
	The Headway Fund
	The Jake Fund
	The Jay Fund
	The Kingfisher Fund

	<p>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 SVS Levitas Funds The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund TS Campana Fund Vagabond Investment Fund White Oak Fund</p>
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