

Evelyn Partners Fund Solutions Limited, the Manager of the Trust, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Evelyn Partners Fund Solutions Limited accepts responsibility accordingly.

**PROSPECTUS**

**OF**

**THE LANCASTER TRUST**

**(A UK UCITS Scheme with FCA Product Reference Number: 179787)**

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

This Prospectus is dated, and is valid as at 21 March 2024

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

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## **Important information**

No person has been authorised by the Trust or the Manager to give any information or to make any representations in connection with the offering of Units other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the Trust or the Manager. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of the Trust have not changed since the date hereof 22 November 2023.

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.

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

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

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

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

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

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

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

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

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

## 1. DEFINITIONS

- “Act”** the Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time
- “Approved Bank”** (in relation to a bank account opened by the Manager):
- (a) if the account is opened at a branch in the United Kingdom:
    - (i) the Bank of England; or
    - (ii) the central bank of a member state of the OECD; or
    - (iii) a bank; or
    - (iv) a building society; or
    - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - (b) if the account is opened elsewhere:
    - (i) a bank in (a); or
    - (ii) a credit institution established in an EEA State 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
- “Auditor”** Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Trust from time to time

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Business Day”</b>                            | a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Trust’s portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such |
| <b>“Class” or “Classes”</b>                      | in relation to Units, means (according to the context) a particular class or classes of Unit                                                                                                                                                                                                                                                                                                           |
| <b>“Client Money”</b>                            | Client money means any money that a firm receives from or holds for, or on behalf of, a unitholder in the course of, or in connection with, its business unless otherwise specified                                                                                                                                                                                                                    |
| <b>“COLL”</b>                                    | refers to the appropriate chapter or rule in the COLL Sourcebook                                                                                                                                                                                                                                                                                                                                       |
| <b>“the COLL Sourcebook”</b>                     | the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time                                                                                                                                                                                                                                                                                                            |
| <b>“Dealing Day”</b>                             | the 15th day of each month (or the preceding Business Day if the 15th is not a Business Day) and the last Business Day of each month                                                                                                                                                                                                                                                                   |
| <b>“EEA State”</b>                               | a member state of the European Union and any other state which is within the European Economic Area                                                                                                                                                                                                                                                                                                    |
| <b>“Efficient Portfolio Management” or “EPM”</b> | for the purposes of this Prospectus, an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with a risk level which is consistent with the risk profile of the Trust and the risk diversification rules laid down in the COLL Sourcebook, as more fully described in Appendix IV        |



|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Eligible Institution”</b> | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“EMT”</b>                  | European MiFID Template                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“EUWA”</b>                 | the European Union (Withdrawal) Act 2018;                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“FCA”</b>                  | the Financial Conduct Authority, or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority.                                                                                                                                                                                                                                                                      |
| <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 Handbook of Rules and Guidance (including the COLL Sourcebook).                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“FCA Register”</b>         | the public record, as required by section 347 of the Financial Services and Markets Act 2000 as amended (The public record) of every: <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) recognised scheme;</li> <li>(e) recognised investment exchange;</li> <li>(f) recognised clearing house;</li> <li>(g) individual to whom a prohibition order relates;</li> <li>(h) approved person; and</li> </ul> |

**“Home State”**

- (i) person within such other class (if any) as the FCA may determine; except as provided by any transitional provisions
- (1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive
- (2) (in relation to an investment firm):
  - (a) where the investment firm is a natural person, the EEA State in which his head office is situated;
  - (b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated
- (3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated
- (4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body’s head office is situated
- (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights)

**“Investment Manager”**

Canaccord Genuity Wealth Limited, the Investment Manager in respect of the Trust

|                                     |                                                                                                                                                                                 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Manager”</b>                    | Evelyn Partners Fund Solutions Limited, the Manager of the Trust                                                                                                                |
| <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>“NAV” or “value”</b>             | the value of the Scheme Property less the liabilities of the Trust as calculated in accordance with the Trust Deed                                                              |
| <b>“Register”</b>                   | the register of Unitholders of the Trust                                                                                                                                        |
| <b>“Registrar”</b>                  | Evelyn Partners Fund Solutions Limited, or such other entity as is appointed to act as Registrar to the Trust from time to time                                                 |
| <b>“Regulated Activities Order”</b> | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)                                                                                     |
| <b>“Regulations”</b>                | the FCA Handbook (including the COLL Sourcebook)                                                                                                                                |
| <b>“Scheme Property”</b>            | the scheme property of the Trust required under the COLL Sourcebook to be given for safekeeping to the Trustee                                                                  |
| <b>“SDRT”</b>                       | stamp duty reserve tax                                                                                                                                                          |
| <b>“Switch”</b>                     | the exchange where permissible of Units of one Fund for Units of another Fund                                                                                                   |
| <b>“Trust Deed”</b>                 | the trust deed constituting the Trust, as amended from time to time in accordance with the COLL Sourcebook                                                                      |
| <b>“Trust”</b>                      | The Lancaster Trust                                                                                                                                                             |
| <b>“Trustee”</b>                    | NatWest Trustee & Depository Services Limited, or such other entity as is appointed to act as Trustee                                                                           |

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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” or “Units”</b> | a unit or units in the Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Unitholder”</b>      | a holder of registered Units in the Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Valuation Point”</b> | the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 noon London time on each Dealing Day, with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee                                                                                                                      |

“VAT”

value added tax

## 2. DETAILS OF THE TRUST

### 2.1 General information

#### 2.1.1 General

The Lancaster Trust (the Trust) is a unit trust authorised with effect from 27 August 1996. The Trust has an unlimited duration.

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

Unitholders are not liable for the debts of the Trust.

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

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

#### 2.1.2 Base Currency

The base currency of the Trust is Pounds Sterling.

#### 2.1.3 Units

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

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

## 2.2 The structure of the Trust

### 2.2.1 The Trust

The Trust is a UK UCITS scheme within the meaning of the FCA Rules.

Investment of the assets of the Trust must comply with the COLL Sourcebook and the investment objective and policy of the Trust. Details of the Trust, including its investment objective and policy, are set out in Appendix I.

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

### 2.2.2 Units

#### Classes of Units within the Trust

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

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

Further Classes of Unit may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class. The currency in which each new Class of Units will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Units.

The Trust may issue income and accumulation Units, although only income Units are currently in issue. Further details of the Units presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I.

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

Holders of accumulation Units are not entitled to be paid the income attributed to such Units, but that income is automatically transferred to

(and retained as part of) the capital assets of the Trust on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Unit.

The Trust Deed allows gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units, but currently none are in issue. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of income Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Trust. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Trust. All references in this Prospectus are to net Units unless otherwise stated.

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

Unitholders are entitled (subject to certain restrictions) to switch all or part of their Units in one fund for Units of a different fund. Details of this switching facility and the restrictions are set out in paragraph 4.4 “Switching.

Unitholders are entitled (subject to certain restrictions) to convert all or part of their Units in a Class for Units of another Class. Details of this conversion facility and the restrictions are set out in paragraph 4.6 “Unit Class Conversions”.

### **3. CLIENT MONEY**

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

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



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

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

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

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

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

The 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 units by electronic communication. Electronic communication does not include email.

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

##### **4.1 Money laundering**

As a result of legislation in force in the UK to prevent money laundering, the Manager is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Units. Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue Units, pay

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

## **4.2 Buying Units**

### **4.2.1 Procedure**

Where minimum investment levels allow, units can be bought by sending a completed application form to the Manager, either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the Manager's bank account. Application forms are available from the Manager. The Manager will accept written instructions on subsequent purchases together with payment and can be by writing to the Manager's Transfer Agency Team at 177 Bothwell Street, Glasgow, G2 7ER (the "Correspondence Address"). The Manager will only accept telephone purchases from FCA regulated entities who may alternatively purchase units by telephoning the Manager on 0141 222 1150. The Manager may accept applications to purchase units by electronic communication. Electronic communication does not include email. FCA regulated entities are required to settle any orders within 4 business days of placing the order. For details of dealing charges see paragraph 4.5 below.

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.

No interest payment will be made on client money held by the Manager prior to investment in the Trust. Client money will be held in a designated client money account with Natwest Group plc.

Valid applications to purchase Units in the Trust will be processed at the Unit price calculated, in accordance with the Regulations, at the next Valuation Point following receipt of the application, except in the case where dealing in the Trust has been suspended as set out in paragraph 4.11.

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 Units unless it has received cleared funds from an investor.

A purchase of Units in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the Manager may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared. Applicants who have received advice may have the right to cancel their application to buy Units at any time during the 14 days after the date on which they receive a cancellation notice from the Manager. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The Manager may extend cancellation rights to other investors but is under no obligation to do so.

#### **4.2.2 Documents the buyer will receive**

A contract note giving details of the number and price of Units bought will be sent to the buyer of Units (or the first named Unitholder, in the case of joint Unitholders) no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

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

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

### **4.2.3 Minimum subscriptions and holdings**

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

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

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

## **4.3 Redeeming Units**

### **4.3.1 Procedure**

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

Valid instructions to the Manager to redeem Units will be processed at the Unit price calculated in accordance with the Regulations at the next Valuation Point following receipt of the instruction, except in the case where dealing in the Trust has been suspended as set out in paragraph 4.11.

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

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

For details of dealing charges see paragraph 4.5 below.

#### **4.3.2 Documents a redeeming Unitholder will receive**

A contract note giving details of the number and price of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) together with a form of renunciation for completion and execution by the Unitholder (or, in the case of a joint holding, by all the joint Unitholders) no later than the end of the next Business Day following the later of the request to redeem Units or the Valuation Point by reference to which the price is determined.

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

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

#### **4.3.3 Minimum redemption**

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

#### **4.4 Switching**

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

Telephone switching instructions may be given but Unitholders are required to provide written instructions to the Manager before switching is effected.

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

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

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

A switch between funds will be deemed to be a realisation for the purposes of capital gains taxation.

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

**A unitholder who switches Units in one fund for Units in any other fund will not be given a right by law to withdraw from or cancel the transaction.**

#### **4.5 Dealing Charges**

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

##### **4.5.1 Initial charge**

The Manager may impose a charge on the purchase of Units in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential

Unitholder is set out in Appendix I. The Manager may waive or discount the initial charge at its discretion.

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

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

#### **4.5.2 Redemption Charge**

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

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

#### **4.5.3 Charges on Switching**

On the switching of Units between Classes in the Trust the Trust Deed authorises the Manager to impose a charge on switching. If a redemption charge is payable in respect of the Original Units, this may become payable instead of, or as well as, the then prevailing initial charge for the New Units. The charge on switching is payable by the Unitholder to the Manager.

### **4.6 Unit Class Conversions**

If applicable, a holder of units in a Unit Class (“Old Class Units”) of a Fund may exchange all or some of his units for units of a different Unit Class within the same Fund (“New Class Units”). An exchange of Old Class Units for New Class Units will be processed as a conversion (“Unit Class Conversion”). Unlike a Switch, a conversion of Old Class Units into New Class Units will not involve a redemption and issue of units. For the purposes of Income Equalisation the New Class Units will receive the same treatment as the Old Class Units.

The number of New Class Units issued will be determined by a conversion factor calculated by reference to the respective prices of New Units and Old Units at the valuation point applicable at the time the Old Class Units are converted to New Class Units.

Unit Class Conversions may be effected in writing to the Transfer Agency Team. A converting unitholder must be eligible to hold the units into which the Unit Class Conversion is to be made. It is the Manager’s intention that Unit Class Conversions

will be processed at the next Valuation Point following receipt of the instruction, however the Manager reserves the right to defer a Unit Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Unitholders. The Manager may accept requests to convert Units by electronic communication. Electronic communication does not include email.

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

Please note that, under current tax law, a Unit Class Conversion of units between different unit classes in the same Fund will not be deemed to be a realisation for the purposes of capital gains taxation.

A unitholder who converts their units in one unit class to units in a different unit class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.

#### **4.7 Transfers**

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

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

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

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

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a



law or regulation by a competent authority) of any country or territory; or

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

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

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

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

#### **4.9 Issue of Units in exchange for in specie assets**

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

The Manager will ensure that the beneficial interest in the assets is transferred to the Trust with effect from the issue of the Units.

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

#### **4.10 In specie redemptions**

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

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

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

#### **4.11 Suspension of dealings in the Trust**

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of Units in the Trust where due to exceptional circumstances it is in the interests of all the Unitholders in the Trust.

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 Trust 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.

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

#### **4.12 Large deals**

Any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a “large deal”. For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem Units at less than, the published price (see paragraph 5.2 below).

#### **4.13 Governing law**

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

## **5. VALUATION OF THE TRUST**

### **5.1 General**

Trust will be valued in accordance with the provisions set out in Appendix III. The value per Unit in the Trust is currently calculated at 12.00 p.m. (London time) (this being the Valuation Point) on each Dealing Day.

### **5.2 Calculation of the value**

Valuations of the Trust will take place on each Dealing Day at the Valuation Point for the purposes of determining prices of which Units may be bought or sold to the Manager being calculated on an offer basis (for the purposes of calculating the issue price of a Unit) or a bid basis (for the purposes of calculating the cancellation price of a Unit) respectively. The price at which the Manager sells Units (the offer price) may not exceed the issue price of units plus the Manager's initial charge. The price at which the Manager redeems Units (the bid price) will not be less than the cancellation price (less any redemption charge and any SDRT provision). The bid price will not exceed the relevant issue price.

Large deals (see paragraph 4.12) may be carried out at a higher offer price or a lower bid price than those published, provided these prices do not exceed the relevant maximum and minimum parameters set out in the paragraph above.

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

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

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

A request for dealing in Units must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received

after this time will be held over and processed on the next Dealing Day, using the value per Unit calculated as at the Valuation Point on that next Dealing Day.

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

The price per Unit at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant class in issue immediately before that valuation, dividing the total by that number of Units. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### **5.4 Pricing basis**

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

### **5.5 Publication of Prices**

The prices of all Units are published on [www.trustnet.com](http://www.trustnet.com). The prices of Units may also be obtained by calling 0141 222 1151 during the Manager's normal business hours (9.00am to 5.00pm). As the Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The Manager may also, at its sole discretion, decide to publish certain Unit prices in other third party websites or publications. The Manager does not accept responsibility for the accuracy of the prices published in or for the non-publication of prices by, these sources for reasons beyond the control of the Manager.

## **6. RISK FACTORS**

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

### **6.1 General Risks**

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

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

### **6.2 Pricing and Valuation Risk**

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

### **6.3 Emerging Countries and Developing Markets**

The Trust may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be

adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Trust and its Unit price.

#### **6.4 Smaller and Unquoted Companies Risk**

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

#### **6.5 Country Concentration Risk**

If the Trust invests in essentially only one country it will have greater exposure to market, political, legal, economic and social risks of that country than if it diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions and others, such as confiscation of assets, could be to hinder the normal operation of the Trust with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the Trust may be suspended and investors may not be able to acquire or redeem units in the Trust. These and other actions could also adversely affect the ability to price investments in the Trust which could affect the Net Asset Value of the Trust in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

#### **6.6 Risk to Capital**

This includes potential risk of erosion resulting from withdrawals or cancellations of Units and distributions in excess of investment returns.

#### **6.7 Liquidity Risk**

In normal market conditions the Trust's assets comprise mainly realisable investments which can be readily sold. The Trust's main liability is the redemption of any Units that investors wish to sell. In general the Trust manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the

disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Trust. If there were significant requests for redemption of Units in the Trust at a time when a large proportion of the Trust's assets were invested in illiquid investments, then the Trust's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in Units in the Trust.

#### **6.8 Equities Risk**

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

#### **6.9 Warrants Risk**

Where investments are in warrants, the price per share of the Trust may fluctuate more than if the Trust was invested in the underlying securities because of the greater volatility of the warrant price.

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

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

#### **6.11 Lower Rated/Unrated Securities Risk**

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

#### **6.12 Collective Investment Schemes**



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

#### **6.13 Leveraged Companies Risk**

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

#### **6.14 Leveraged 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.

#### **6.15 Futures and Options Risk**

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

corresponding position in the underlying interest or a future on another option, the risk may be reduced.

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

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

#### **6.16 Foreign Currency Risk**

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

#### **6.17 Credit Risk**

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

#### **6.18 Settlement Risk**

All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Trust, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Trust will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Trust meets its settlement obligations but the counterparty fails before meeting its obligations.

#### **6.19 Custody Risk**

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

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

#### **6.20 Tax Risk**

Tax laws, currently in place, may change in the future which could affect the value of the Trust's and therefore the unitholders investments. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the Trust.

#### **6.21 Inflation Risk**

Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.

#### **6.22 Political and/or Environmental Risk**

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

#### **6.23 Market Risk**

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

## 7. MANAGEMENT AND ADMINISTRATION

### 7.1 Regulatory Status

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

The Trustee is authorised and regulated by the Financial Conduct Authority.

### 7.2 Manager

#### 7.2.1 General

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

The directors of the Manager are shown in Appendix VII.

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

|                                  |                                                                                     |
|----------------------------------|-------------------------------------------------------------------------------------|
| <b>Registered Office:</b>        | 45 Gresham Street, London, EC2V 7BG                                                 |
| <b>Share Capital:</b>            | It has a share capital of £50,000 issued and paid up.                               |
| <b>Ultimate Holding Company:</b> | Evelyn Partners Group Limited, a private company incorporated in England and Wales. |

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

It has therefore delegated to the Investment Manager the function of managing and acting as the Investment Manager for the investment and reinvestment of the assets of the Trust (as further explained in paragraph 7.5 below). It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 7.5 below).

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

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

The Unitholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER.

### **7.3 The Trustee**

#### **7.3.1 General**

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

The Trustee is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Trustee is the Natwest Group plc, which is incorporated in Scotland. The principal business activity of the Trustee is the provision of trustee and depositary services.

#### **7.3.2 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.

#### **7.3.3 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.

#### **7.3.4 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.

#### **7.3.5 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.

#### **7.3.6 Terms of Appointment**

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

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

Under the Depositary Agreement the Trustee will be liable to the Trust for any loss of Financial Instruments held in Custody or for any liabilities

incurred by the Trust as a result of the Trustee's negligent or intentional failure to fulfil its obligations.

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

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

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

Details of the fees payable to the Trustee are given in Section titled Trustee's fee and expenses.

## **7.4 The Investment Manager**

### **7.4.1 General**

The Manager has appointed Canaccord Genuity Wealth Limited to provide investment management services to the Manager and related advisory services to the Manager pursuant to an agreement dated 31 July 2020 (the "Investment Management Agreement"). The Investment Manager has the authority to make investment decisions on behalf of the Trust and the Manager. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

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

The terms of the Investment Management Agreement between the Manager and the Investment Manager includes the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments and on the marketing of Units (subject to the approval of the Manager) and preparation of the Investment

Manager's report half yearly for inclusion in the Manager's report for circulation to holders.

The Investment Management Agreement may be terminated on three month's written notice given by the Manager or the Investment Manager. Notwithstanding this, the Manager may terminate the Investment Management Agreement with immediate effect if it is in the interests of Unitholders.

The Investment Manager is entitled to a fee paid by the Manager out of its remuneration received each month from the Trust, as explained below in paragraph 8.4.

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

## **7.5 The Registrar**

### **7.5.1 General**

The Manager is responsible for the Trust's register.

On behalf of the Trust the Manager has also appointed Evelyn Partners Fund Solutions Limited to act as registrar to the Trust.

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

### **7.5.2 Register of Unitholders**

The Register of Unitholders will be maintained by the Registrar at 177 Bothwell Street, Glasgow, G2 7ER, and may be inspected at that address, during normal business hours by any Unitholder or any Unitholder's duly authorised agent.

## **7.6 The Auditors**

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

## **7.7 Conflicts of Interest**

The Manager, the Investment Manager and other companies within the Evelyn Partners Fund Solutions Limited and/or the Investment Manager's group may, from time to time, act as Investment Manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Trust. 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 Trust. Each of the Manager and the Investment Manager will, however, have regard in such event to their general obligations to act in the best interests of the Trust so far as practicable, having regard to their obligations to other clients, when undertaking any investment Business where potential conflicts of interest may arise.

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

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 Trust. 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 Trust 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 Trust 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 Trust or its unitholders will be prevented. Should any such situations arise the Manager will, as a last resort if the conflict cannot be avoided, disclose these to unitholders in the report and accounts or otherwise an appropriate format.

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

## 8. FEES AND EXPENSES

### 8.1 Ongoing

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Units (see paragraph 4.5) payable by a Unitholder or out of Scheme Property are set out in this section.

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

- 8.1.1 broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Trust and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 8.1.2 any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of Unitholders convened for purposes which include modifying the Trust Deed, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law (including changes in the COLL Sourcebook), or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders, or to remove obsolete provisions from the Trust Deed;
- 8.1.3 any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager;
- 8.1.4 liabilities on unitisation, amalgamation or reconstruction;
- 8.1.5 interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 8.1.6 taxation and duties payable in respect of the property of the Trust, the Trust Deed or the issue of units;
- 8.1.7 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 8.1.8 the periodic fees of the Financial Conduct Authority under the FCA's fees Manual;

- 8.1.9 any costs incurred in preparing, translating, producing (including printing), distributing and modifying the Trust Deed, the Prospectus, the Key Investor Information Document (KIID) (apart from the costs of distributing the KIID) or reports, accounts, statements, contract notes and other like documentation, or any other relevant document required under the Regulations; and
- 8.1.10 any costs incurred in publishing the price of the Units in a national or other newspaper or any other form of media.

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

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Trust is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, at the end of the accounting period the shortfall will be made from capital (save for any charge made in respect of SDRT under paragraph 10.3 “Stamp Duty Reserve Tax”). If deductions were made from capital, this would result in capital erosion and constrain growth.

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.

## **8.2 Charges payable to the Manager**

### **8.2.1 *Annual Management Charge***

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

### **8.2.2 *Registration Fees***

The Manager is entitled to receive a fee out of the Scheme Property for providing registration services (including establishing and maintaining sub-registers where applicable), out of which the Manager will pay the fees of

the Registrar. Such fee is a quarterly fee. The Manager currently makes no charge for registration.

### 8.2.3 *Expenses*

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

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

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

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

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

Details of the Evelyn Partners Fund Solutions Limited remuneration policy are available on the website <https://www.evelyn.com/regulatory/remuneration-code-disclosure>. A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 222 1151.

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

### 8.3 **Trustee's fee and expenses**

The Trustee is entitled to receive out of the Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly, and certain additional charges and expenses. The rate of the Trustee's periodic charge in respect of the Trust will be such rate or rates as agreed from time to time between the Manager and the Trustee in accordance with the COLL Sourcebook. The current rate of the Trustee's periodic charge in respect of the Trust is:

| Value of Trust                      | Fee     |
|-------------------------------------|---------|
| First £50 million                   | 0.0275% |
| Between £50 million to £100 million | 0.025%  |
| Above £100 million                  | 0.02%   |

of the value of the Scheme Property subject to a minimum of £7,500 plus VAT.

In addition VAT on the amount of the periodic charge will be paid out of the Scheme Property.

In the event of the termination of the Trust, the Trustee shall continue to be entitled to a periodic charge for the period up to and including the day on which the final distribution in the termination of the Trust shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Trustee is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Trust commences, the value of the Scheme Property shall be its value determined at the beginning of each such day.

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 £472.00 per transaction                                                                                                                                                                                                                                                              |
| Safe Custody Charges | Between 0.003% and 0.50%* of the value of investments being held per annum<br>*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.

Custody and transaction charges will be payable monthly in arrears.

Where relevant, the Trustee may make a charge for its services in relation to: (i) distributions; (ii) the provision of banking services; (iii) holding money on deposit; (iv) lending money or (v) engaging in stock lending or derivative transactions in relation to the Fund. The Trustee may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the COLL Sourcebook.

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

In addition to the remuneration referred to above, the Trustee is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Trust. Such expenses include, but are not restricted to:

- (i) the fees, expenses and disbursements of any person to whom the Trustee may delegate any function;
- (ii) the fees, expenses and disbursements of any person appointed by the Trustee in connection with its trusteeship of the Trust or any of its duties or powers in relation to the Trust or of obtaining any legal, accountancy or other advice in connection therewith;
- (iii) the fees, expenses and disbursements incurred in relation to the acquisition, delivery, holding or disposal of investments and the registration and custody of them or any deposit or loan authorised under the trust deed or the COLL Sourcebook or otherwise (including bank charges, the charges of agents or nominees and insurance costs);
- (iv) all expenses incurred in the collection and distribution of income (including bank charges and accountancy fees, expenses and disbursements bone fide incurred in respect of the computation, claiming or reclaiming of all taxation reliefs and payments);
- (v) all costs and expenses of, or incidental to, the preparation of reports required to be prepared by the Trustee in relation to the Trust, and the

costs and expenses of, or incidental to, the preparation and dispatch of any communications from the Trustee to unitholders;

- (vi) all expenses incurred in the submission of tax returns;
- (vii) all such charges, expenses and disbursements properly incurred by the Trustee in performing duties imposed upon it (or in exercising powers conferred upon it) by the COLL Sourcebook and as under the general law the Trustee is entitled to charge to the property of the Trust; and

VAT (if any) in connection with any of the above is payable in addition.

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

#### **8.4 Investment Manager's fees**

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

## **9. UNITHOLDER MEETINGS AND VOTING RIGHTS**

### **9.1 Class and Trust Meetings**

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

### **9.2 Requisitions of Meetings**

The Manager may requisition a general meeting at any time.

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

### **9.3 Notice and Quorum**

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

### **9.4 Voting Rights**

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

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

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

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



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

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

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

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

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

#### **9.5 Variation of Class Rights**

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

### **10. TAXATION**

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

adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

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

## 10.1 Taxation of an Equity Sub-Fund

### Taxation of Capital Gains

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

### Tax on income

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

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

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country. This is based on guidance provided to the investment fund industry by the Investment Association.

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

## 10.2 Taxation of a Bond Sub-Fund

### Taxation of Capital Gains

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

### Tax on Income

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

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

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

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

Distributions made should be deductible for corporation tax purposes against UK taxable income.

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

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

## 10.3 Stamp Duty Reserve Tax (SDRT)

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in units in authorised unit trusts. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on units in authorised unit trusts be reintroduced

in the future, all such costs will be paid out of the Trust's Scheme Property and charged to capital.

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

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

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

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

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

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

### **11.2 Common Reporting Standard**

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

## 12. WINDING UP OF THE TRUST

- 12.1 The Trust will not be wound up except in accordance with the COLL Sourcebook.
- 12.2 The Trustee shall proceed to wind-up the Trust:
- 12.2.1 if the order declaring the Trust to be an authorised unit trust scheme is revoked; or
  - 12.2.2 if the Manager or the Trustee requests the FCA to revoke the order declaring the Trust to be an authorised unit trust scheme and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, the FCA will accede to that request; or
  - 12.2.3 the expiration of any period specified in the Trust Deed as the period at the end of which the Trust is to terminate; or
  - 12.2.4 on the effective date of a duly approved scheme of arrangement which is to result in the relevant Trust being left with no property.
- 12.3 If any of the events set out above occur then the rules in the COLL Sourcebook concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL 5), will cease to apply. The Trustee shall cease to issue and cancel units and the Manager will stop redeeming and selling units.
- 12.4 In the case of a scheme of arrangement referred to in paragraph 12.2.4 above, the Trustee shall wind up the Trust in accordance with the approved scheme of arrangement.
- 12.5 In any other case, the Trustee shall, as soon as practicable after the relevant Trust falls to be wound-up, realise the assets of the Trust and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interest in the Trust.
- 12.6 Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee 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.

## **13. GENERAL INFORMATION**

### **13.1 Accounting Periods**

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

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

### **13.2 Notice to Unitholders**

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

### **13.3 Income Allocations**

The Trust has interim and final income allocations. Income is allocated in respect of the income available at each accounting date.

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

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

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

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 Trust in respect of that period, and deducting the charges and expenses of the Trust paid or payable out of income in respect of that accounting period. The Manager then makes such other adjustments as it considers appropriate (and after consulting the Trust's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters. The Manager does not normally adjust distributions in order to

smooth the amount of interim and final distributions within any particular accounting period.

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

#### **13.4 Annual Reports**

The annual report of the Trust will be published within four months from the end of each annual accounting period and a half yearly report will be published within two months of each interim accounting period. The annual and half-yearly reports are available upon request.

#### **13.5 Documents of the Trust**

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

- 13.5.1 the Prospectus;
- 13.5.2 the most recent annual and half yearly reports of the Trust; and
- 13.5.3 the Trust Deed (and any amending documents).

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

#### **13.6 Provision of Investment Advice**

All information concerning the Trust and about investing in Units of the Trust is available from the Manager's Transfer Agency Team at 177 Bothwell Street, Glasgow, G2 7ER. The Manager is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Units are made solely on the basis of the current prospectus of the Trust, and

investors should ensure that they have the most up to date version.

### **13.7 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.

### **13.8 Complaints**

Complaints concerning the operation or marketing of the Trust may be referred to the Compliance Officer of the Manager at 45 Gresham Street, London, EC2V 7BG or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, telephone number 0845 080 1800.

A copy of the Manager's complaints handling procedure is available on request.

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

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

### **13.9 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.

### **13.10 Risk Management**

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

- 13.10.1 the quantitative limits applying in the risk management of the Trust;
- 13.10.2 the methods used in relation to 13.10.1; and
- 13.10.3 any recent development of the risk and yields of the main categories of investment.



### **13.11 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.

### **13.12 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.

### **13.13 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 I

### Ongoing charges figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the 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.

### TRUST DETAILS

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name:</b>                            | The Lancaster Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Type of Scheme:</b>                  | UK UCITS scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>FCA Product Reference Number:</b>    | 179787                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Investment Objective and Policy:</b> | <p>The investment objective of the Trust is to provide income combined with capital growth over the medium to long term through investment in a broadly based portfolio of international securities and collective investment schemes. The Trust may also invest in money market instruments and deposits.</p> <p>Investment may also be made in warrants, cash and near cash, derivatives and forward transactions and other investments to the extent that each is permitted by the Regulations.</p> <p><b>The Trust may invest in derivatives and forward transactions for investment purposes only after the Manager has given not less than 60 days' notice to the unitholders.</b></p> |
| <b>Benchmark</b>                        | <p>Unitholders may compare the performance of the Fund against the IA Flexible sector.</p> <p>Comparison of the Trust's performance against this benchmark will give Unitholders an indication of how the Trust 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 Trust.</p>                                                                                                                                                                                                                                                                      |

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

|                                                            |                                                                                                                                                   |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Final accounting date:</b>                              | 31 December                                                                                                                                       |
| <b>Interim accounting date:</b>                            | 30 June                                                                                                                                           |
| <b>Income distribution dates:</b>                          | The last day of February (final)<br>31 August (interim)                                                                                           |
| <b>Units Classes and type of Units:</b>                    | Income                                                                                                                                            |
| <b>Initial charge:</b>                                     | 8%                                                                                                                                                |
| <b>Redemption charge:</b>                                  | Nil                                                                                                                                               |
| <b>Switching charge:</b>                                   | Nil                                                                                                                                               |
| <b>Charge for investment research</b>                      | None                                                                                                                                              |
| <b>Annual Management Charge:</b>                           | 1.65%                                                                                                                                             |
| <b>Charges taken from Capital or Income?</b>               | All charges other than those relating directly to the costs of purchasing and selling investments in the Trust are taken from income.             |
| <b>Income to be distributed as a dividend or interest?</b> | The Trust may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period. |
| <b>Equalisation</b>                                        | Yes - averaged                                                                                                                                    |
| <b>Investment minima:*</b>                                 |                                                                                                                                                   |
| Lump sum                                                   | £100,000                                                                                                                                          |
| Holding                                                    | £100,000                                                                                                                                          |
| Top-up                                                     | £10,000                                                                                                                                           |
| Redemption                                                 | N/A provided minimum holding maintained                                                                                                           |
| <b>Past performance:</b>                                   | Past performance information is set out in Appendix VIII                                                                                          |

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

## Investor Profile

Whether an investment in the Trust is appropriate for you will depend on your own requirements and attitude to risk. The Trust is designed for investors of any category, including retail investors, who:

- want to achieve income and some capital growth over the longer term through investing in UK and overseas markets using the expertise of the Investment Manager,
- can meet the minimum investment levels,
- are able to commit to a long term investment in the Trust and take the risk of losing part or all of their investment capital, and
- who understand and are willing to take the risks involved in investing in the Trust (as detailed under “Risk Factors”).

**If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.**

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

The Trust may also deal through the securities markets indicated below:

#### Eligible Securities Markets

|                                 |                                                                            |
|---------------------------------|----------------------------------------------------------------------------|
| <b>Australia</b>                | Australian Securities Exchange                                             |
| <b>Canada</b>                   | Toronto Stock Exchange<br>TSX Venture Exchange                             |
| <b>Channel Islands</b>          | Channel Islands Stock Exchange                                             |
| <b>Hong Kong</b>                | Hong Kong Exchanges and Clearing Company                                   |
| <b>Japan</b>                    | Nagoya Stock Exchange<br>Osaka Securities Exchange<br>Tokyo Stock Exchange |
| <b>Korea, Republic of</b>       | Korea Exchange                                                             |
| <b>Mexico</b>                   | Mexican Stock Exchange (Bolsa Mexicana de Valores)                         |
| <b>New Zealand</b>              | New Zealand Exchange Ltd                                                   |
| <b>Singapore</b>                | Singapore Exchange                                                         |
| <b>South Africa</b>             | JSE Limited                                                                |
| <b>Switzerland</b>              | SIX Swiss Exchange                                                         |
| <b>Thailand</b>                 | Stock Exchange of Thailand                                                 |
| <b>United States of America</b> | NASDAQ                                                                     |

New York Stock Exchange

NYSE MKT LLC

**Eligible Derivatives Markets**

UK

NYSE LIFFE

## APPENDIX III

### VALUATION AND PRICING

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

1. All the property the Scheme (including receivables) is to be included, subject to the following provisions.
  2. The valuation of the property of the Scheme shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
- 2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:
- 2.1.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
    - 2.1.1.1 units or shares in a collective investment scheme:
      - (a) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means any fiscal charges, commission or other charges (including any preliminary charge) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy or SDRT provision which would be added in the event of a purchase by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Scheme of those units)); or

- (b) if separate buying and selling prices are quoted, at the maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); but where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, the issue price shall be taken instead of the maximum sale price; or
- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

2.1.1.2 any other investment:

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

2.1.1.3 if any other property, or no price exists under 2.1.1.1 or 2.1.1.2, the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the



transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

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

2.2.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

2.2.1.1 units or shares in a collective investment scheme:

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

an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units), less any expected discount); but, if the property sold in one transaction would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or

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

2.2.1.2 any other investment:

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

2.2.1.3 if any other property, or no price exists under 2.2.1.1 or 2.2.1.2, the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and including any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be

deducted in the event of a sale by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units)).

3. Property which is a derivative transaction shall be treated as follows:
  - (a) if a written option, (and the premium for writing the option has become part of the scheme property) deduct, for the calculation of the issue basis, the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but add, in the case of the calculation of the cancellation basis, dealing costs); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used; or
  - (b) if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis, estimated on the basis of the amount of profit or loss receivable or incurable by the Scheme on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used); or
4. Cash and amounts held in current and deposit accounts shall be valued at their nominal values.
5. In determining the value of the scheme property, all instructions given to the Trustee to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all required consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.
6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.

7. Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.
8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
9. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
10. Deduct an estimated amount for any liabilities payable out of the property of the Scheme and any tax thereon (treating periodic items as accruing from day to day).
11. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
12. In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
13. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
14. Add any other credits due to be paid into the property of the Scheme.
15. In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
16. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
17. The valuation is in the Scheme's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the Manager will either:
  - 17.1 select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base

currency on the market on which the manager would normally deal if it wished to make such a conversion; or

- 17.2 invite the Trustee to agree that it is in the interests of unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

## APPENDIX IV

### INVESTMENT AND BORROWING POWERS OF THE TRUST

#### 1. General

The Scheme Property will be invested with the aim of achieving the investment objective of the Trust but subject to the limits set out in the Trust's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus.

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

#### 1.1 Prudent spread of risk

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

#### 1.2 Cover

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

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

1.2.2.1 it must be assumed that in applying any of those rules, the Trust must also simultaneously satisfy any other obligation relating to cover; and

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

2. **UK UCITS Schemes - general**
- 2.1 Subject to the investment objective and policy of the Trust, the Scheme Property must, except where otherwise provided in COLL 5, only consist of any or all of:
  - 2.1.1 transferable securities;
  - 2.1.2 approved money-market instruments;
  - 2.1.3 permitted units in collective investments schemes;
  - 2.1.4 permitted derivatives and forward transactions; and
  - 2.1.5 permitted deposits.
- 2.2 It is not intended that the Trust will have an interest in any immovable property or tangible movable property.
3. **Transferable Securities**
- 3.1 A transferable security is an investment falling within article 76 (Shares etc.), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc.) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 The Trust may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - 3.5.1 the potential loss which the Trust may incur with respect to holding the transferable security is limited to the amount paid for it;

- 3.5.2 its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the FCA Handbook;
  - 3.5.3 reliable valuation is available for it as follows:
    - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 3.5.4 appropriate information is available for it as follows:
    - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 3.5.5 it is negotiable; and
  - 3.5.6 its risks are adequately captured by the risk management process of the Manager.
- 3.6 Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 3.6.1 not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and



- 3.6.2 to be negotiable.
- 3.7 No more than 5% of the Scheme Property may be invested in warrants.
- 4. **Closed end funds constituting transferable securities**
  - 4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Trust, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:
    - 4.1.1 where the closed end fund is constituted as an investment company or a unit trust:
      - 4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
      - 4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
    - 4.1.2 where the closed end fund is constituted under the law of contract:
      - 4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
      - 4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
- 5. **Transferable securities linked to other assets**
  - 5.1 The Trust may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Trust provided the investment:
    - 5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and
    - 5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Trust can invest.
  - 5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.
- 6. **Approved Money-Market Instruments**

- 6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.
- 6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
- 6.2.1 has a maturity at issuance of up to and including 397 days;
  - 6.2.2 has a residual maturity of up to and including 397 days;
  - 6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
  - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
- 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the Manager to redeem Units at the request of any qualifying Unitholder.
- 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 6.4.1 enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the Manager that would lead to a different determination.
- 7. Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**
- 7.1 Transferable securities and approved money-market instruments held within the Trust must be:

- 7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or
  - 7.1.2 dealt in on an eligible market as described in 8.3.2; or
  - 7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or
  - 7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or
  - 7.1.5 recently issued transferable securities provided that:
    - 7.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 7.1.5.2 such admission is secured within a year of issue.
- 7.2 However, the Trust may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.
- 8. Eligible markets regime: purpose and requirements**
- 8.1 To protect Unitholders the markets on which investments of the Trust are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- 8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 8.3 A market is eligible for the purposes of the rules if it is:
- 8.3.1 a regulated market as defined in the FCA Handbook; or
  - 8.3.2 a market in in the UK or an EEA State which is regulated, operates regularly and is open to the public.
- 8.4 A market not falling within paragraph 8.3 of this Appendix is eligible for the purposes of COLL 5 if:
- 8.4.1 the Manager, after consultation with and notification to the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

- 8.4.2 the market is included in a list in the prospectus; and
- 8.4.3 the Trustee has taken reasonable care to determine that:
  - 8.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
  - 8.4.3.2 all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Unitholders.
- 8.6 The Eligible Markets for the Trust are set out in Appendix II.
- 9. **Money-market instruments with a regulated issuer**
- 9.1 In addition to instruments admitted to or dealt in on an eligible market, the Trust may invest in an approved money-market instrument provided it fulfils the following requirements:
  - 9.1.1 the issue or the issuer is regulated for the purpose of protecting Unitholders and savings; and
  - 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.
- 9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Unitholders and savings if:
  - 9.2.1 the instrument is an approved money-market instrument;
  - 9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and
  - 9.2.3 the instrument is freely transferable.
- 10. **Issuers and guarantors of money-market instruments**
- 10.1 The Trust may invest in an approved money-market instrument if it is:

- 10.1.1 issued or guaranteed by any one of the following:
  - 10.1.1.1 the UK government or its local authorities;
  - 10.1.1.2 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
  - 10.1.1.3 a regional or local authority of an EEA State;
  - 10.1.1.4 the European Central Bank or a central bank of an EEA State;
  - 10.1.1.5 the European Union or the European Investment Bank;
  - 10.1.1.6 a non-EEA State other than the UK or, in the case of a federal state, one of the members making up the federation; or
  - 10.1.1.7 a public international body to which the UK or one or more EEA States belong; or
- 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 10.1.3 issued or guaranteed by an establishment which is:
  - 10.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or European Community law; or
  - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Community law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 10.2.1 it is located in the UK or the European Economic Area;
  - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 10.2.3 it has at least investment grade rating;
  - 10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are

at least as stringent as those laid down by UK or European Community law.

**11. Appropriate information for money-market instruments**

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.3 or a public international body within 10.1.1.7 but is not guaranteed by a central authority within 10.1.1.2, the following information must be available:

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

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

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

11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

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

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

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

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

11.3.1 within 10.1.1.2, 10.1.1.5 or 10.1.1.6; or

11.3.2 which is issued by an authority within 10.1.1.3 or a public international body within 10.1.1.7 and is guaranteed by a central authority within 10.1.1.2;

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

## 12. Spread: general

- 12.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.
- 12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 2013/34/EU, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable, or in the same group in accordance with international accounting standards are regarded as a single body.
- 12.3 Not more than 20% in the value of the Scheme Property is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Trust invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.7 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.
- 12.8 The COLL Sourcebook provides that not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 12.9 The COLL Sourcebook provides that in applying the limits in 12.3, 12.4 and 12.6 in relation to a single body, and subject to 12.5, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or

- 12.9.2 deposits made with that body; or
  - 12.9.3 exposures from OTC derivatives transactions made with that body.
- 12.10 For the purpose of calculating the limits in 12.6 and 12.9 of this paragraph 12, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 12.10.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 12.10.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 12.10.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 12.10.4 can be fully enforced by the Trust at any time.
- 12.11 For the purposes of calculating the limits in 12.6 and 12.9 of this paragraph 12 (Spread: general), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 12.11.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable; and
  - 12.11.2 are based on legally binding agreements.
- 12.12 In applying this paragraph 12 (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 12.12.1 it is backed by an appropriate performance guarantee; and
  - 12.12.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 13. Spread: government and public securities**
- 13.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:



- (a) the UK government or its local authorities;
  - (b) an EEA State;
  - (c) a local authority of the UK or an EEA State;
  - (d) a non-EEA State other than the UK; or
  - (e) a public international body to which the UK or one or more EEA States belong.
- 13.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 13.3 The Trust may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 13.3.1 the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Trust;
  - 13.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - 13.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
  - 13.3.4 the disclosures in COLL 3.2.6R(8) COLL 4.2.5R(3)(i) have been made.
- 13.4 In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in such securities issued or guaranteed by the governments of United Kingdom, The Scottish Administration, The Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the governments of Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Australia, Canada, Japan, New Zealand, Switzerland or the United States of America and securities issued by the European Investment Bank.
- 13.5 Notwithstanding 12.1 and subject to 13.2 and 13.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, such securities issued by that body shall be taken into account.

**14. Investment in collective investment schemes**

14.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided the Second Scheme satisfies all of the following conditions and provided that no more than 30% in value of the Scheme Property of the Trust is invested in Second Schemes within 14.1.1.2- 14.1.1.4 below.

14.1.1 The Second Scheme must:

14.1.1.1 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; or

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

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

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

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

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

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

(provided certain requirements are met).

14.1.2 The Second Scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

14.1.3 Where the Second Scheme is an umbrella, the provisions in this paragraph 14.1.2, paragraph 14.1.4 and paragraph 12 (Spread: General) apply to each sub fund as if it were a separate scheme.

14.1.4 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Prospectus clearly states that the Trust may enter into such

investments and the rules on double charging contained in the COLL Sourcebook are complied with.

14.2 The Trust may, subject to the limits set out in 14.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager or one of its associates.

14.3 If a substantial proportion of the Trust's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Trust will be 6%.

#### 15. Investment in nil and partly paid securities

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

#### 16. Derivatives: general

The Investment Manager may employ derivatives solely for the purposes of Efficient Portfolio Management.

Upon giving not less than 60 days' notice to Unitholders, the Trust may enter into derivatives and forward transactions for investment purposes in addition to Efficient Portfolio Management purposes, in which case the following additional restrictions regarding derivatives and forward transactions use will apply.

16.1 A transaction in derivatives or a forward transaction must not be effected for the Trust unless the transaction is of a kind specified in paragraph 18 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 29 (Cover for transactions in derivatives and forward transactions) of this Appendix.

16.2 Where the Trust invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.

16.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

16.4 A transferable security or an approved money-market instrument will embed a

derivative if it contains a component which fulfils the following criteria:

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

## **17. Efficient Portfolio Management**

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

- 17.2 Permitted transactions are those that the Trust reasonably regards as economically appropriate to EPM, that is:
- 17.3 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the Manager reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- 17.4 Transactions for the generation of additional capital growth or income for the Trust by taking advantage of gains which the Manager reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
  - 17.4.1 pricing imperfections in the market as regards the property which the Trust holds or may hold; or
  - 17.4.2 receiving a premium for the writing of a covered call option or a cash covered put option on the Scheme Property which the Trust is willing to buy or sell at the exercise price; or
  - 17.4.3 stock lending arrangements (although these are not currently permitted by the Manager).

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

- 17.5 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the Regulations. A permitted transaction may at any time be closed out.

## 18. **Permitted transactions (derivatives and forwards)**

- 18.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 22 (OTC transactions in derivatives).
- 18.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Trust is dedicated:
  - 18.2.1 transferable securities;

- 18.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;
  - 18.2.3 deposits and permitted derivatives under this paragraph;
  - 18.2.4 collective investment scheme units permitted under paragraph 14 (Investment in collective investment schemes);
  - 18.2.5 financial indices which satisfy the criteria set out in paragraph 19 (Financial indices underlying derivatives);
  - 18.2.6 interest rates;
  - 18.2.7 foreign exchange rates; and
  - 18.2.8 currencies.
- 18.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 18.4 A transaction in a derivative must not cause the Trust to diverge from its investment objective as stated in the Trust Deed constituting the Trust and the most recently published version of this Prospectus.
- 18.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 21.2 are satisfied.
- 18.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 18.7 A derivative includes an investment which fulfils the following criteria:
- 18.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 18.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 18.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 22; and
  - 18.7.4 its risks are adequately captured by the risk management process of the Manager and by its internal control mechanisms in the case of risk

asymmetry of information between the Manager and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

- 18.8 The Trust may not undertake transactions in derivatives on commodities.
- 18.9 Counterparty risk exposure can be reduced by the Trust receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the Manager before the Trust enters into any transactions which require it to hold collateral from a counterparty.
- 18.10 The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Trust. 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 Trust.

#### **19. Financial Indices underlying derivatives**

- 19.1 The financial indices referred to in 18.2 are those which satisfy the following criteria:
  - 19.1.1 the index is sufficiently diversified;
  - 19.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 19.1.3 the index is published in an appropriate manner.
- 19.2 A financial index is sufficiently diversified if:
  - 19.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 19.2.2 where it is composed of assets in which the Trust is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - 19.2.3 where it is composed of assets in which the Trust cannot invest, it is diversified in a way which is equivalent to the diversification achieved

by the requirements with respect to spread and concentration set out in this section.

- 19.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 19.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 19.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 19.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 19.4 A financial index is published in an appropriate manner if:
- 19.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 19.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 19.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 18.2, be regarded as a combination of those underlyings.

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

- 20.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Trust may be entered into only if that property can be held for the account of the Trust, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.

## **21. Requirement to cover sales**

- 21.1 No agreement by or on behalf of the Trust to dispose of property or rights may be made unless the obligation to make the disposal and any other similar



obligation could immediately be honoured by the Trust by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Trust at the time of the agreement. This requirement does not apply to a deposit.

21.2 The above does not apply where:

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

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

21.2.2.1 cash;

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

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

21.3 In the asset classes referred to in paragraph 21.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 22. OTC transactions in derivatives

22.1 Any transaction in an OTC derivative under paragraph 18.1 must be:

22.1.1 in a future or an option or a contract for differences;

22.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

- 22.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the Manager: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- 22.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 22.1.4.1 on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
  - 22.1.4.2 if the value referred to in 22.1.4.1 is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- 22.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 22.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the Manager is able to check it; or
  - 22.1.5.2 a department within the Manager which is independent from the department in charge of managing the Trust and which is adequately equipped for such a purpose.
- 22.2 For the purposes of paragraph 22.1.3, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.
- 23. **Risk management**
- 23.1 The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Trust’s positions and their contribution to the overall risk profile of the Trust. Before using the process,

the Manager will notify the FCA of the details of the risk management process.

**24. Investment in deposits**

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

**25. Significant influence**

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

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

25.1.2 the acquisition gives the Manager that power.

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

**26. Concentration**

The Trust:

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

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

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

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

- 26.3 must not acquire more than 25% of the units in a collective investment scheme;
- 26.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- 26.5 need not comply with the limits in paragraphs 26.2, 26.3 and 26.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 27. **Derivative exposure**

- 27.1 The Trust may invest in derivatives and forward transactions as long as the exposure to which the Trust is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 27.2 Cover ensures that the Trust is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Trust must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Trust is committed. Paragraph 29 (Cover for transactions in derivatives and forward transactions) below sets out detailed requirements for cover of the Trust.
- 27.3 A future is to be regarded as an obligation to which the Trust is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Trust is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 27.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

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

- 28.1 Notwithstanding paragraph 12 (Spread: general), the Trust may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 28.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that

index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

28.3 The 20% limit in paragraph 28.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

28.4 In the case of the Trust replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Trust's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

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

28.5.1 the composition is sufficiently diversified;

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

28.5.3 the index is published in an appropriate manner.

28.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

28.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

28.8 An index is published in an appropriate manner if:

28.8.1 it is accessible to the public;

28.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## 29. **Cover for transactions in derivatives and forward transactions**

29.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure created by the transaction to which the Trust is or may be committed by another person is covered globally.

29.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the Trust's total exposure, taking into account the value of

the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

29.3 Scheme 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.

29.4 The global exposure relating to derivatives held in the Trust may not exceed the Net Asset Value of the Scheme Property.

### 30. **Cover and Borrowing**

30.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 29 (Cover for transactions in derivatives and forward transactions) except where 30.2 below applies.

30.2 Where, for the purposes of this paragraph the Trust borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 30.1 on deposit with the lender (or his agent or nominee), then this paragraph 30.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

### 31. **Cash and near cash**

31.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

31.1.1 the pursuit of the Trust's investment objective; or

31.1.2 redemption of Units; or

31.1.3 efficient management of the Trust in accordance with its investment objective; or

31.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Trust.

### 32. **General**

32.1 It is envisaged that the Trust will normally be fully invested but there may be times that it is appropriate not to be fully invested when the Manager reasonably regards this as necessary in pursuit of the investment objective and policy,

redemption of Units, efficient management of the Trust or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Trust.

- 32.2 Where the Trust invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the Manager or an associate of the Manager, the Manager must pay to the Trust by the close of Business on the fourth Business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 32.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Trust 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.
- 32.4 The COLL Sourcebook permits the Manager to use certain techniques when investing in derivatives in order to manage the Trust's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Trust may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits the Trust to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

### 33. **Underwriting**

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

### 34. **General power to borrow**

- 34.1 The Trustee on the instruction of the Manager may, in accordance with this paragraph, borrow money for the use of the Trust on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Trust to comply with any restriction in the Trust Deed. The Trustee may borrow money only from an Eligible Institution or an Approved Bank.

- 34.2 The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 34.3 The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee; the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 34.4 The Manager must ensure that the Trust's borrowing does not, on any Business day, exceed 10% of the value of the Scheme Property.
- 34.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).
- 35. Restrictions on lending of money**
- 35.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Trust if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 35.2 Acquiring a debenture is not lending for the purposes of paragraph 35.1, nor is the placing of money on deposit or in a current account.
- 36. Restrictions on lending of property other than money**
- 36.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 36.2 Transactions permitted by paragraph 39 (Stock lending) are not to be regarded as lending for the purposes of paragraph 36.1.
- 36.3 The Scheme Property must not be mortgaged.
- 36.4 Where transactions in derivatives or forward transactions are used for the account of the Trust in accordance with COLL 5, nothing in this paragraph prevents the Trustee at the request of the Manager, from lending, depositing, pledging or charging Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the Manager reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Unitholders.



**37. General power to accept or underwrite placings**

- 37.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Trust Deed. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Trust.
- 37.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 37.3 The exposure of the Trust to agreements and understandings as set out above, on any Business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

**38. Guarantees and indemnities**

- 38.1 The Trustee for the account of the Trust must not provide any guarantee or indemnity in respect of the obligation of any person.
- 38.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 38.3 Paragraphs 38.1 and 38.2 do not apply to in respect of the Trust:
- 38.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
  - 38.3.2 an indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets are becoming part of the Scheme Property by way of a unitisation.

**39. Stock lending**

The Trust may not enter into stock lending transactions

## 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 grow income over a medium time period

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

**APPENDIX VI**

**LIST OF AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER**

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

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>The Global Balanced Strategy Fund<br/>The Gloucester Portfolio<br/>The Headspring Fund<br/>The Headway Fund<br/>The Jake Fund<br/>The Jay Fund<br/>The Kingfisher Fund<br/>The Loch Moy Fund<br/>The Magpie Fund<br/>The MF Fund<br/>The Milne Fund<br/>The Nectar Fund<br/>The Norton Fund<br/>The Princedale Fund<br/>The Rosslyn Fund<br/>The SBB Fund<br/>The Staffordshire Portfolio<br/>The Stellar Fund<br/>The SVS Levitas Funds<br/>The Touchstone Investment Fund<br/>The Tully Fund<br/>The Westhill Investment Fund<br/>TS Campana Fund<br/>Vagabond Investment Fund<br/>White Oak Fund</p> |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## APPENDIX VII

### 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 VIII

### PAST PERFORMANCE AND INVESTOR PROFILE



Source: Fund: FE fundinfo 2024  
Benchmark: Morningstar

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

**NOTE:** Past performance should not be taken as a guide to the future. Please see Appendix I for the Trust’s objective and for an explanation of investor profiles.

## APPENDIX IX

### DIRECTORY

#### **Manager and Registrar:**

Evelyn Partners Fund Solutions Limited

Registered Office:  
45 Gresham Street  
London  
EC2V 7BG

Correspondence Address:  
Transfer Agency Team  
177 Bothwell Street  
Glasgow  
G2 7ER

Telephone Numbers:  
For Dealing - 0141 222 1150  
For Prices, Registration and Other Enquiries - 0141 222 1151

#### **Trustee:**

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

Principal Place of Business:  
NatWest Trustee & Depositary Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh  
EH12 1HQ

**Investment Manager:**  
Canaccord Genuity Wealth Limited  
88 Wood Street  
London  
EC2V 7QR

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