

**SMITH & WILLIAMSON INVESTMENT FUNDS ICVC**

**OPEN ENDED INVESTMENT COMPANY**

**PROSPECTUS**

**(A UK UCITS Scheme with FCA Product Reference Number: 228571)**

**Valid as at 14 June 2022**

**PROSPECTUS  
OF  
SMITH & WILLIAMSON INVESTMENT FUNDS ICVC**

This document constitutes the Prospectus for Smith & Williamson Investment Funds ICVC (the "Company") and has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the "FCA Regulations"), published by the Financial Services Authority ("FCA") as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "Act").

This Prospectus is dated and is valid as at 14 June 2022.

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

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

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

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 The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Evelyn Partners Fund Solutions Limited, the ACD of the Company, is the entity 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 FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Regulations or otherwise.

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

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## 1 DEFINITIONS

"ACD"	Evelyn Partners Fund Solutions Limited, the Authorised Corporate Director of the Company;
"Accumulation Share"	net paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules;
"Act"	Financial Services and Markets Act 2000, as amended;
"Approved Derivative"	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
"Business Day"	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 if there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company's portfolio of securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such;
"Client Money"	means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified;
"Company"	Smith & Williamson Investment Funds ICVC;
"Dealing Day"	Each Business day;
"Depositary"	NatWest Trustee & Depositary Services Limited, the depositary of the Company;
"Efficient Portfolio Management"	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 capital or income with an acceptably low level of risk;
<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 regulator 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), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time;
<b>"FCA Rules"</b>	the FCA's Handbook of Rules and Guidance (including the COLL Sourcebook);
<b>"ICVC"</b>	investment company with variable capital;
<b>"Income Shares"</b>	net paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules net of any tax deducted or accounted for by the Company;
<b>"Instrument"</b>	the instrument of incorporation of the Company as amended from time to time;
<b>"Investment Manager"</b>	the investment manager to the Company, namely Evelyn Partners Investment Management LLP;
<b>"Large Deal"</b>	unless otherwise defined, a single deal for Shares which equals or exceeds the percentage set out in Appendix 1 of the NAV of the relevant Sub-fund;
<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>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Company's Instrument of Incorporation;
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001, as amended;
<b>"Registrar"</b>	Evelyn Partners Fund Solutions Limited, the registrar of the Company;
<b>"Regulated Activities Order"</b>	The Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (SI 2001/544), as amended;
<b>"Scheme Property"</b>	the property of the Company entrusted to the Depositary for safe-keeping, as required by the FCA Regulations;
<b>"Share Class"</b>	in relation to shares, means (according to the context) a particular class or classes of share as described in section 2;
<b>"Smaller Denomination Share"</b>	a smaller denomination share (on the basis that one hundred smaller denomination shares make one larger denomination share);
<b>"Sub-fund"</b>	a Sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and which is invested in accordance with the investment objective applicable to that Sub-fund.
<b>"Valuation Point"</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which shares of a class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 p.m. London time on each Dealing Day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;

## 2 THE COMPANY

The Company is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC264 and authorised with effect from 10 November 2003.

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

The base currency of the Company is pounds sterling or such other currency as may be the lawful currency of the UK from time to time.

The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £1,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.

Information on the typical investor profile for each Sub-fund is set out in Appendix 7.

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

The Company has been established as a UK UCITS scheme authorised by the FCA under Product reference number 228571. Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Sub-fund as an investment.

### 2.1 Company Structure

As explained above the Company is a UK UCITS scheme.

The Company has an "umbrella" structure meaning that it comprises a number of separate Sub-funds holding different portfolios of assets. It is not intended that the Company will have an interest in any immoveable property or tangible moveable property.

Details of the Sub-fund, including their investment objectives and policies are set out in Appendix 1.

### 2.2 Sub-fund and Share Classes

The Sub-fund and Share Classes currently in existence and whether or not they are available for dealing as at the date of this Prospectus are set out in Appendix 1. Further Sub-fund and Share Classes may be made available in due course, as the ACD may decide.

The minimum initial investment for each Share Class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.

When more than one Sub-fund is available, shareholders are entitled (subject to certain restrictions) to switch or convert all or part of their shares in one Share Class for shares in a different Share Class or switch all or part of their shares in one Sub-fund for shares in another Sub-fund. Details of this switching facility and the restrictions are set out in sections 5.3, 5.4 and 5.8.

Where the ACD has a direct legal relationship with the Shareholder and has given not less than 60 days' notice in writing, the ACD may convert all or some of a Shareholder's shares for shares of a different Share Class within the same Sub-fund if it is fair and in the best interests of the Shareholder.

The Sub-fund contains segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Sub-fund, and shall not be available for any such purpose.

However, while the provisions of the OEIC Regulations provide for segregated liability between Sub-fund, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

### **3 MANAGEMENT AND ADMINISTRATION**

#### **3.1 Authorised Corporate Director**

The Authorised Corporate Director of the Company is Evelyn Partners Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales. The ACD was incorporated on 30 July 1985 (Registered Company No: 1934644). The ACD is regulated by the FCA and is authorised to carry on regulated activity in the United Kingdom.

Registered Office and Head Office:

45 Gresham Street  
London  
EC2V 7BG

Share Capital: Authorised, Issued and paid up 50,000 Ordinary £1 Shares

The directors of the ACD are listed in Appendix 6. None of them has any significant business activities not connected with the business of the ACD.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations.

As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds set out in Appendix 7.

#### **3.2 Terms of Appointment**

The ACD was appointed by an agreement between the Company and the ACD (the "ACD Agreement"). The ACD Agreement provides that the appointment of the ACD

may be terminated on written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company, or by the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FCA Regulations the ACD Agreement provides indemnities to the ACD other than for matters arising as a direct consequence of fraud, negligence, wilful default or breach of duty by the ACD in the performance of its duties and obligations to the Company. Copies of the ACD Agreement are available on request.

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

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

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. Any fees to which the ACD is entitled are set out later in this Prospectus.

The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) acting as authorised fund manager and (iii) fund administration.

### **3.3 The Depositary**

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

### **3.4 Duties of the Depositary**

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

### **3.5 Conflicts of interest**

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

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

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

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

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

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

### **3.7 Updated Information**

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

### **3.8 Terms of Appointment**

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

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

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

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

It also provides that the Depositary 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 Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

Details of the fees payable to the Depositary are given later in this Prospectus.

### **3.9 The Investment Managers**

The ACD currently has one Investment Manager to provide investment management and related advisory services to the ACD. The Investment Managers have the authority to make investment decisions on behalf of the Company and the ACD.

Evelyn Partners Investment Management LLP

The appointment of the Investment Manager is made under an investment management agreement (the "Investment Management Agreement"). Evelyn Partners Investment Management LLP is regulated by the FCA and is authorised to carry on regulated activity in the United Kingdom.

Registered office and Head Office:  
45 Gresham Street  
London  
EC2V 7BG

The principal activity of Evelyn Partners Investment Management LLP is providing investment management services.

Under the Investment Management Agreement, Evelyn Partners Investment Management LLP is to act as the discretionary investment manager of the Smith & Williamson MM Endurance Balanced Fund in accordance with the investment objectives, guidelines and restrictions set out in this Prospectus as they are amended from time to time. Evelyn Partners Investment Management LLP may delegate any of its rights and obligations under the Investment Management Agreement to any associate or, with the prior written consent of the Company and the ACD, to a person who is not an associate.

The Investment Management Agreement may be terminated on three months written notice by Evelyn Partners Investment Management LLP or by the ACD. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if that is in the interests of the Shareholders.

Under the Investment Management Agreement, the ACD provides indemnities to Evelyn Partners Investment Management LLP, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the

Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

The fees and expenses of Evelyn Partners Investment Management LLP (plus any VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement.

Copies of the Investment Managers' execution policy and voting policy are available from the ACD on request.

### **3.10 Administrator and Registrar**

The ACD acts as the administrator of the Company's operations including maintaining the accounts of the Company and as Registrar to the Company.

### **3.11 The Custodian**

The Depositary has appointed RBC Investor Services Trust (UK Branch) as custodian for Smith and Williamson MM Endurance Balanced Fund.

### **3.12 The Auditor**

The Auditors of the Company are Mazars LLP, whose address is 30 Old Bailey, London, United Kingdom, EC4M 7AU.

### **3.13 Register of Shareholders**

The Register of Shareholders is maintained by Evelyn Partners Fund Solutions Limited at its office at 206 St Vincent Street, Glasgow G2 5SG and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

### **3.14 Conflicts of Interest**

The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

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

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

Each of the parties will, to the extent of their ability and in compliance with the FCA Rules, ensure that the performance of their respective duties will not be impaired by any such involvement.

The ACD maintains a written conflict of interest policy. The ACD 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 Company or its shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to shareholders in the report and accounts or otherwise in an appropriate format.

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

#### **4 CLIENT MONEY**

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

The ACD 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 shareholders 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 ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD 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.

#### **5 BUYING, SELLING AND SWITCHING SHARES**

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

##### **5.1 Buying Shares**

###### **5.1.1 Procedure**

Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the ACD's Transfer Agency Team at 206 St Vincent Street, Glasgow G2 5SG, either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the ACD's bank account. Application forms are available from the ACD. The ACD will accept written instructions accompanied by payment on subsequent transactions which can be carried out by writing to the Transfer Agency Team at the Correspondence Address set out in Appendix 5. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 222 1150. Telephone calls may be recorded by the ACD, 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.

Where an instruction has been received by telephone, settlement is due within 4 Business Days of the Valuation Point. Purchases made by telephone are subject to risk limits at the ACDs discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

The ACD, 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 ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

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

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

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

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

Shareholders have a right to cancel their transactions within 14 calendar days of receipt of their contract note. If a Shareholder cancels their contract, they will receive a refund of the amount that they invested including the initial charge either in full or less a deduction to reflect any fall in share price since the date of investment. This may result in a loss on the part of shareholders. If shareholders wish to exercise their right to cancel, they should write to the Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

### **5.1.2 Documentation**

A contract note giving details of the shares purchased and the price used will be issued to the shareholder (the first named, in the case of joint shareholders) by the end of the next business day following the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Tax vouchers in respect of periodic distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

### **5.1.3 Minimum subscriptions and holdings**

The minimum initial and subsequent subscription levels and minimum holdings are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding.

### **5.1.4 In Specie Issue**

If a shareholder requests, the ACD may at its discretion and subject to the approval of the Investment Manager and the Depositary, arrange for the Company to accept permitted assets other than cash in settlement of a purchase of shares in the Company as provided for in the Regulations. In particular the ACD and Depositary will only do so where satisfied that the acceptance of the assets concerned would not be likely to result in any material prejudice to the interests of Shareholders.

## **5.2 Selling Shares**

### **5.2.1 Procedure**

Every shareholder has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required

minimum holding, in which case the shareholder may be required to redeem his entire holding.

Requests to redeem shares may be made in writing to the ACD's Transfer Agency team at 206 St Vincent Street, Glasgow G25SG. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 222 1150 or by fax. The ACD may accept applications to sell shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, 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.

#### **5.2.2 Documents the Seller will receive:**

A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) or their duly authorised agents together with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the valuation point by reference to which the redemption price is determined. Payments will be made by BACS, telegraphic transfer or CHAPS in satisfaction of the redemption monies and will be issued within four business days of the later of:

- (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and
- (b) the Valuation Point following receipt by the ACD of the request to redeem.

#### **5.2.3 Minimum Redemption**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares to be redeemed is less than any minimum redemption amount set out in Appendix 1 or would result in a shareholder holding less than the minimum holding, as detailed in Appendix 1. In the later case the shareholder may be asked to redeem their entire shareholding.

#### **5.2.4 In Specie Redemption**

If a shareholder requests the redemption or cancellation of shares, the ACD may, if it considers the deal substantial in relation to the total size of the Company, arrange for the Company to cancel the shares and transfer Scheme Property to the shareholder instead of paying the price of the shares in cash, or, if required by the shareholder, pay the net proceeds of sale of the relevant Scheme Property to the shareholder. A deal involving shares representing 5% or more in value of the Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a shareholder whose shares represent less than 5% in value of the Company.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the Shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary and the Investment Manager. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

Direct Issue or Cancellation of Shares by an ICVC through the ACD

Not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

### 5.3 Switching

If applicable, a holder of shares may at any time switch all or some of his shares ("Old Shares") for shares of another fund or Sub-fund of the Company ("New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching may be effected in writing to the ACD. The ACD may at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The ACD may accept applications to switch shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, 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 ACD may at its discretion charge a fee on the switching between funds/Sub-fund.

If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provisions on selling shares will apply equally to a switch.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

Please note that, under current tax law, a switch of shares in one fund or Sub-fund for shares in any other fund or Sub-fund treated as a redemption and sale

and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation although a switch of shares between different share classes in the same Sub-fund will not normally be deemed to be a realisation for the purposes of capital gains taxation.

A shareholder who switches shares in one Sub-fund for shares in any other Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

#### 5.4 Share Class Conversions

If applicable, a holder of shares in a Share Class ("Old Class Shares") of a Sub-fund may exchange all or some of his shares for shares of a different Share Class within the same Sub-fund ("New Class Shares"). An exchange of Old Class Shares for New Class Shares will be processed as a conversion ("Share Class Conversion"). Unlike a Switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. This transaction will not be included in the calculations for the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.

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

Share Class Conversions may be effected either by telephone on 0141 222 1150 or in writing to the Transfer Agency Team A converting shareholder must be eligible to hold the shares into which the conversion is to be made. It is the ACD's intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

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

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

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

The ACD may accept applications to convert shares by electronic communication. Electronic communication does not include email.

## **5.5 Dealing Charges**

### **5.5.1 Preliminary Charge**

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. Full details of the current preliminary charges are set out in Appendix 1.

### **5.5.2 Redemption Charge**

The ACD may make a charge on the redemption of shares. At present no redemption charge is levied.

The ACD may not introduce a redemption charge on shares unless, not less than 60 days before the introduction, it has given notice in writing to the then current shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the shares being redeemed and will be paid by the Company to the ACD.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

## **5.6 Other Dealing Information**

### **5.6.1 Dilution Levy**

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument of Incorporation is summarised later in this Prospectus. The actual cost of purchasing or selling investments may be higher or lower than the mid market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of shares. Where a dilution levy is not charged on the sale and/or redemption of shares, the cost of purchasing or selling investments for the Funds subsequent to shareholder dealing will be borne by the Funds with a consequent effect on future growth. If the ACD decides in the future to charge a dilution levy on all deals (and not just on large deals), it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into the Company and will become part of its property.

The dilution levy for the Company will be calculated by reference to the estimated costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or

remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. In particular, the dilution levy may be charged in the following circumstances:

- (a) where over a dealing period the Company has experienced a large level of net sales or redemptions relative to its size;
- (b) on Large Deals as defined in Appendix 1; and
- (c) where the ACD, in its absolute discretion, considers it necessary to protect the interests of the shareholders of the Sub-fund.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such levy will be 0.25% on sales (creation) and 0.17% on redemptions (liquidation) and will be incurred on 5% of deals. If a dilution levy is not charged then this may restrict the future growth of the Company.

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

## **5.7 Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying shares. The ACD reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

## **5.8 Restrictions and Compulsory Transfer, Conversion and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of shares. Where the ACD has given not less than 60 days' notice in writing, the ACD may also convert all or some of a Shareholder's shares ("Old Class Shares") for shares of a different Share Class within the same sub-fund ("New Class Shares") if it is fair and in the best interests of the Shareholder.

## **5.9 Suspension of Dealings in the Company**

The ACD may with the prior agreement of the Depositary, or shall if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of Shares where due to exceptional circumstances this is in the interest of all of the Shareholders.

On suspension the ACD (or the Depositary if it has required the ACD to suspend dealings in Shares) must immediately inform the FCA stating the reason for its action and as soon as practicable give written confirmation to the FCA of the suspension and the reasons for it.

The ACD must ensure that a notification of the suspension is made to Shareholders as soon as practicable after suspension commences. The ACD must ensure that it draws Shareholders' particular attention to the exceptional circumstances which resulted in the suspension; that it is clear, fair and not misleading; and that it informs Shareholders how to obtain sufficient details about the suspension including, if known, its likely duration.

The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

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

#### **5.10 Governing Law**

All deals in shares are governed by English law.

### **6 VALUATION OF THE COMPANY**

There is only a single price for any share as determined from time to time by reference to a particular valuation point. The price of a share in a Sub-fund is calculated by reference to the Net Asset Value of the Sub-fund. The Net Asset Value per share is currently calculated at the time set out in Appendix 1.

The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

#### **6.1 Calculation of the Net Asset Value**

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

6.1.2 All the Scheme Property (including receivables) of the Sub-fund is to be included, subject to the following provisions.

6.1.3 Scheme Property which is not cash (or other assets dealt with 6.1.4) or a contingent liability transaction shall be valued as follows:

- (a) units or shares in a collective investment scheme:
  - (i) if a single price for buying and selling units is quoted, at the most recent such price; or
  - (ii) if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial

charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

(b) any other transferable security:

(i) if a single price for buying and selling the security is quoted, at that price; or

(ii) if separate buying and selling prices are quoted, the average of those two prices; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment;

(c) property other than that described in sections 6.1.3(a) and 6.1.3(b) above:

(i) at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

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

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

(a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.

(b) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

(c) if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;

(d) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

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

6.1.7 Agreements for the unconditional sale or purchase of property which are in existence but uncompleted will generally be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and,

in the opinion of the ACD, their omission will not materially affect the final net asset amount.

- 6.1.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under the preceding paragraph.
- 6.1.9 All agreements will be included in the calculation of Net Asset Value which are, or ought reasonably to have been, known to the person valuing the property.
- 6.1.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and value added tax will be deducted.
- 6.1.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 6.1.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 6.1.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 6.1.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 6.1.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.

## **6.2 Price per Share in a Sub-fund and each Class**

The value per share of the Sub-fund will be calculated by dividing the Net Asset Value of the Sub-fund by the number of shares in the Sub-fund then in issue or deemed to be in issue on a Dealing Day and rounding the result mathematically as determined by the ACD provided that in the event the shares of the Sub-fund are further divided into classes, the ACD shall determine the method of allocating the Net Asset Value of the Sub-fund among the classes making such adjustments for subscriptions, redemptions, fees, dividends and any other factor differentiating the classes as appropriate. The Net Asset Value of the Sub-fund, as allocated between each class, shall be divided by the number of shares of the relevant class which are in issue or deemed to be in issue and rounding the result as determined by the ACD.

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

## **6.3 Pricing Basis**

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

## 6.4 Publication of Prices

Shareholders can obtain the price of their shares on [www.trustnet.com](http://www.trustnet.com) or by calling 0141 222 1151.

## 7 RISK FACTORS

Potential investors should consider the following risk factors before investing in the Sub-fund.

### 7.1 General Risks

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

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

### 7.2 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.

### 7.3 Warrants Risk

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

### 7.4 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.

### 7.5 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.

## **7.6 Collective Investment Schemes Risk**

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

## **7.7 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.

### **7.7.1 Leverage risk**

Leverage is where a Sub-fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-fund.

### **7.7.2 Futures and Options Risk**

The Sub-fund may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Sub-fund 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 Sub-fund will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

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

#### **7.8 Foreign Currency Risk**

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

#### **7.9 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 Sub-fund 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.

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

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

#### **7.11 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 investments in the Sub-fund may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. The Sub-fund may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, the Sub-fund may not be able to immediately sell such securities. The purchase price and subsequent valuation of these securities may reflect a

discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

#### **7.12 Charges taken from Capital**

The Depository has agreed that all or part of the ACD's Annual Management Charge and any other charges or expenses allocated to a particular Share Class will be charged against capital instead of income. This may constrain capital growth.

#### **7.13 Risk to Capital**

There is also a potential risk of erosion resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.

#### **7.14 Holdings Concentration Risk**

The Fund may invest in a relatively small number of investments and the Net Asset Value of the Fund may be more volatile as a result of this concentration of holdings relative to a Fund which diversifies across a larger number of investments.

#### **7.15 Liquidity Risk**

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

#### **7.16 Credit Risk**

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

#### **7.17 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 any Sub-fund, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Sub-fund will be the difference between the price of the original contract

and the price of the replacement contract or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if a Sub-fund meets its settlement obligations but the counterparty fails before meeting its obligations.

### **7.18 Custody Risk**

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

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund 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.

### **7.19 Tax Risk**

Tax laws, currently in place, may change in the future which could affect the value of the Sub-fund' and therefore the Shareholders' investments. Refer to the section headed 'Taxation' in the Prospectus for further details about the taxation of the Sub-fund.

### **7.20 Inflation Risk**

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

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

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

### **7.22 Market Risk**

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

### **7.23 The following specific risks apply:**

#### **7.23.1 S&W MM Endurance Balanced Fund**

## Country Concentration Risk

If the Sub-fund invests in essentially only one country they will have greater exposure to market, political, legal, economic and social risks of that country than if they diversify 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 Sub-fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the Sub-fund may be suspended and investors may not be able to acquire or redeem shares in the Sub-fund. These and other actions could also adversely affect the ability to price investments in the sub-fund which could affect the Net Asset Value of the Sub-fund 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.

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

Risk Factors	Smith & Williamson MM Endurance Balanced Fund
Warrants	x
Transferable Securities	x
Collective Investment Schemes	x
Cash, Money Market Instruments, Deposits	x
Currency Risk	x

## 8 RISK MANAGEMENT

Upon request to the ACD a shareholder can receive information relating to:

- (a) the quantitative limits applying in the risk management of the Company;
- (b) the methods used in relation to and any recent developments of the risk;
- (c) and yields of the main categories of investment in the Company.

## 9 LIABILITIES OF THE COMPANY

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

## 10 FEES AND EXPENSES

### 10.1 General

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

The Company may pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

- (a) All expenses incurred in effecting registration, insurance or safe custody of the title documents to the Company's investments;
- (b) Any costs incurred in modifying the Company's Instrument of Incorporation (including, at the option of the ACD, costs incurred in respect of meetings of shareholders convened for the purposes which include the purpose of modifying the Company's Instrument of Incorporation), where the modification is necessary to ensure that the Company conforms with legislation coming into force after the date of its Instrument of Incorporation, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the ACD and the Depository agree is in the interest of shareholders;
- (c) Any costs incurred in respect of meetings of shareholders convened on a requisition by shareholders (other than the ACD or an associate of the ACD);
- (d) Interest on borrowings permitted under the Company's Instrument of Incorporation and all associated costs and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (e) Taxation and duties payable in respect of the property of the Company, its Instrument of Incorporation or the issue of shares and any stamp duty reserve tax ("SDRT") charged in accordance with Schedule 19 of the Finance Act 1999;
- (f) Any fees and expenses payable to the ACD and to the Depository;
- (g) fees and expenses in respect of establishing and maintaining the register of shareholders and any sub register of shareholders (as defined in the FCA Regulations). The current charge is £11.50 per annum per shareholder. The minimum fee is £1,250 per annum per Sub-fund;
- (h) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (i) the fees charged by the FCA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- (j) the Depository's expenses, as detailed in section 10.4;
- (k) broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (l) any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;

- (m) any costs incurred by the Company in publishing the price of the shares in a national or other newspaper;
- (n) any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- (o) any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (p) any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- (q) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;
- (r) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- (s) any payments otherwise due by virtue of the FCA Regulations; and
- (t) any value added or similar tax relating to any charge or expense set out herein.

VAT is payable on these charges where appropriate.

Expenses are allocated between capital and income in accordance with the FCA Regulations and as shown in Appendix 1. Where expenses are allocated against income and there is a shortfall at the end of the accounting period, such shortfall will be met from capital. Allocating expenses against capital may constrain capital growth.

Assets of, or costs, charges and expenses payable out of, the Scheme Property which are not attributable to any particular Sub-fund will be allocated among all Sub-fund pro rata according to the Net Asset Value attributable to each Sub-fund.

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

## 10.2 Charges payable to the ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to be paid from the Company an annual management charge.

The annual management charge is calculated and accrued on a daily basis by reference to the Net Asset Value of the Sub-fund on the previous Dealing Day up until the last Business Day of each month. The amount due for each month is required to be paid as soon as practicable after the month-end. Sub-fundThe

current management charges for the current Share Classes available in the Company are set out in Appendix 1.

The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in shares.

All or part of the ACD's fee may be charged against capital instead of against income with respect to any particular Sub-fund. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income available for distribution to shareholders in the Company, but may constrain capital growth. Details are shown in Appendix 1.

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

The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge unless, not less than 60 days before the increase, the ACD gives notice in writing of the increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction of new rate and the date of its commencement.

In order to increase its annual management charge the ACD will need to assess whether such an increase would be a fundamental event requiring shareholder consent (in which case an Extraordinary General Meeting would be required) or a significant event requiring shareholders to be notified of the charge 60 days in advance.

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

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 ACD may be reduced or waived by the ACD at its discretion.

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), the ACD may transfer any sums being held as client money to the New

ACD, who will continue to hold the money in accordance with FCA client money rules.

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

### 10.3 Administrator's fees

The fees and expenses of the Administrator (plus any VAT thereon) are paid by the ACD and not by the Company.

### 10.4 Depositary's Fee

The Depositary receives for its own account a periodic fee which is calculated and accrued on a daily basis by reference to the Net Asset Value of the Sub-fund on the previous Dealing Day up until the last Business Day of each month. The amount due for each month is required to be paid as soon as practicable after the month-end. The first accrual is calculated by reference to the first valuation point of each Sub-fund. The rate of the periodic fee is agreed between the ACD and the Depositary and is currently 0.0275% on first £50 million, 0.025% between £50 million and £100 million, 0.02% above £100 million of the value of the Company per annum plus VAT per Sub-fund and is also subject to a minimum of £7,500 per annum plus VAT.

These rates can be varied from time to time in accordance with the FCA Regulations.

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

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

<b>Item</b>	<b>Range</b>
Transaction Charges	Between £3.00 and £89.00 per transaction for Smith and Williamson MM Endurance Balanced Fund.
Safe Custody Charges	Between 0.0025% and 0.8% for Smith and Williamson MM Endurance Balanced Fund.

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 Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary. In addition, charges may be applied for cash payments,

currency conversion, corporate actions and other incidental expenses. Details are available on request.

Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Regulations.

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

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

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

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

## **11 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **11.1 Annual General Meeting**

The Company does not hold Annual General Meetings.

### **11.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **11.3 Notice of Quorum**

Shareholders will receive at least 14 days' notice of a shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is one shareholder present in

person or by proxy. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

#### **11.4 Voting Rights**

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

On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.

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

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

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Regulations) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every Shareholder within the Company is prohibited under Rule 4.4.8R (4) of the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 75% of the shares of the Company in issue.

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

#### **11.5 Class Meetings**

The above provisions, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of shareholders.

### **12 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 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 shares, 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.

## **12.1 Taxation of an Equity Sub-fund**

### **12.1.1 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.

### **12.1.2 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 ACD and to the Depositary). 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.

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

## **12.2 Taxation of a Bond Sub-fund**

### **12.2.1 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.

### 12.2.2 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 Shareholders 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 ACD's and Depositary'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.

### 12.3 Taxation of a Shareholder - Equity Sub-fund

#### 12.3.1 Income distributions

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

From 6 April 2017, additional rate taxpayers are required to pay tax at 38.1% on their distributions while the rate for higher rate taxpayers is 32.5% and for basic rate taxpayers it is 7.5%. Individuals with a net adjusted income of £100,000 will also have their personal allowances reduced £1 for every £2 on the income above this limit. The personal allowance will be reduced to nil above an income level of approximately £123,000. These limits may change in the future.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- (a) where an Equity Sub-fund's gross income is not wholly derived from UK dividend income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted; and
- (b) the remainder, is exempt from UK corporation tax.

Details of the proportions of distributions comprising exempt income and annual payments will be shown on the tax voucher of the Equity Sub-fund concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### **12.3.2 Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of Shares. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension trusts, ISAs (and their individual investors), would not normally be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the "loan relationships" provisions mentioned below in relation to Bond Sub-fund could apply.

Special rules apply to life insurance companies who beneficially own shares.

### **12.3.3 Inheritance tax**

A gift by shareholders of his shareholdings in the Company or the death of Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## **12.4 Taxation of a Shareholder - Bond Sub-fund**

### **12.4.1 Income Distributions: Interest Distributions**

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes. Shareholders will be taxable on the amount distributed.

Additional rate taxpayers will be liable to income tax on their distributions at 45%, higher rate taxpayers at 40% (after their £500 personal savings allowance has been exhausted) and basic rate taxpayers at 20% (after their £1,000 personal savings allowance has been exhausted). There is also a 0% starting rate band for savings income of up to £5,000 for those investors who qualify for it.

#### **12.4.2 Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares and will be taxable at the capital gains tax. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of shares.

In respect of shareholders subject to corporation tax, holdings in a Sub-fund will be treated as holdings of loan relationships and recognised using a fair value basis of accounting (which entails movements in the value of the holdings being brought into account in each accounting period as loan relationship credits or debits). No indexation allowance or taper relief is available.

#### **12.4.3 Inheritance tax**

A gift by a Shareholders of his shareholding in the Company or the death of a Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

#### **12.5 Stamp Duty Reserve Tax**

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares an OEIC. 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 shares in OEICs be reintroduced in the future, all such costs will be paid out of the Sub-fund's Scheme Property and charged to capital.

However it should be noted that in the unlikely event of either of

- (a) third party transfer of shares or
- (b) non-pro rata in specie redemptions, occurring within the Sub-fund, SDRT may still be triggered and where applicable be charged to the investor".

### **13 AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION**

#### **13.1 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 Fund (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 Fund (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 Fund (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.

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

### 13.2 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 Fund (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.

## 14 INCOME EQUALISATION

Income equalisation, as explained below, may apply in relation to the Company.

Grouping for equalisation is permitted by the Company's Instrument of Incorporation. Equalisation is a capital sum paid on the distribution date to shareholders who have purchased shares since the record date for the previous distribution in respect of accrued income for which they have paid on the acquisition of shares. Shares purchased during an accounting period ("Group 2 Shares") contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Sub-fund already accrued up to the date of purchase. This is refunded to holders of Group 2 Shares as part of their first distribution but for tax purposes is treated as a return of capital. Equalisation payments, being capital, are not liable for income tax but must be deducted from the cost of shares for capital gains tax purposes.

The amount of income equalisation is either (i) the actual amount of income included in the issue price of that share; or (ii) is calculated by dividing the aggregate of the amounts included in the price of the shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

The ACD currently uses the method outlined in (ii) above to apply income equalisation.

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

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations. A Sub-fund shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC Regulations), or under the FCA Regulations.

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

The Company may be wound up under the FCA Regulations if:

- (a) an extraordinary resolution to that effect is passed by shareholders; or
- (b) the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or
- (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

On the occurrence of any of the above:

- (a) FCA Regulations 6.2 (Dealing), 6.3 (Valuation and Pricing) and 5 (Investment and Borrowing Powers) will cease to apply to the Company or the Shares and Scheme Property in the relevant Sub-fund;
- (b) The Company will cease to issue and cancel shares in the Company and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company;
- (c) No transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- (d) Where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) The corporate status and powers of the Company and, subject to the provisions of sections (a) and (d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining

provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Company. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company.

As soon as reasonably practicable after completion of the winding up of the Company, the ACD shall notify the FCA.

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

Following the completion of the winding up of the Company, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.

Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each shareholder and to the Registrar of Companies within four months of the termination of the winding up.

## **16 GENERAL INFORMATION**

### **16.1 Accounting Periods**

The annual accounting period of the Company ends each year on 5 April (the accounting reference date). The interim accounting period ends each year on 5 October.

### **16.2 Income Allocations**

Allocations of income are paid by BACS or telegraphic transfer in respect of the income available for allocation in each accounting period.

Distributions of income in respect of Income Shares are paid on or before the annual income allocation date of 5 August. There will be no interim distributions.

For Accumulation Shares, if applicable, the income which would otherwise have been distributed will be retained as part of the capital property of the Sub-fund at the end of each accounting period so augmenting the value of such shares. No additional shares are issued for such accumulations of income.

A re-investment facility may be available if Accumulation Shares are not offered.

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

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Sub-fund in respect of that period, and deducting the charges and expenses of the Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the 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 any other adjustments which the ACD considers appropriate after consulting the auditors.

Income will be distributed as a dividend payment where a Sub-fund is deemed to be an Equity Sub-fund or as an interest payment where a Sub-fund is deemed to be a Bond Sub-fund over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix 1, although Shareholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Sub-fund has held the minimum Qualifying Investments over the accounting period (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 Shareholders when the income is allocated.

### **16.3 Annual Reports**

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

### **16.4 Telephone Recording**

Please note that the ACD 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 ACD can identify the call. If you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

### **16.5 Documents of the Company**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the offices of the ACD at 45 Gresham Street, London, EC2V 7BG and are also available on request to any shareholder free of charge.

- (a) the most recent annual and half-yearly long reports of the Company;
- (b) the Prospectus: and

- (c) the Instrument of Incorporation (and any amending instrument of incorporation).

The ACD may make a charge at its discretion for copies of the Instrument of Incorporation.

Copies of the ACD agreement or any contract of service between the Company and its directors can be obtained free of charge on request from the ACD.

## **16.6 Notices**

Notices and other documents will be sent to the shareholders' registered addresses.

## **16.7 Complaints**

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 45 Gresham Street, London, EC2V 7BG in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Services Ombudsman at Exchange Tower, Harbour Exchange Square, London E14 9SR telephone number 0800 023 4567.

A copy of the ACD'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 ACD or any Sub-fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

## **16.8 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.

## **16.9 Best Execution**

The ACD must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Sub-fund. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company. Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

## **16.10 Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-fund, an Investment Manager or the ACD (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 ACD will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

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

## APPENDIX 1

### Investment objectives, policies and other details of the Company

Investment of the assets of the Company must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy of each Sub-fund of the Company are set out in the following pages together with other information including available Share Classes, charges and minimum investment levels for each Sub-fund. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which the Company may invest is contained in Appendix 4.

#### 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 for each Sub-Fund listed below can be provided free of charge on request.

## SMITH & WILLIAMSON MM ENDURANCE BALANCED FUND

### Investment Objective

To achieve long term capital growth and a reasonable income.

### Investment Policy

Investment will primarily be in UK and European regulated collective investment schemes. The fund may also invest directly in transferable securities, closed-ended funds whose shares are listed on global exchanges in recognised markets, money market instruments, deposits and warrants. Derivative and forward transactions may be used by the Fund solely for the purposes of Efficient Portfolio Management.

<b>Benchmark*</b>	Shareholders may compare the performance of the Fund against the MSCI PIMFA Balanced Index and the IA Mixed Investment 40-85% Shares sector. Comparison of the Fund's performance against the IA Mixed Investment 40-85% Shares sector will give Shareholders an indication of how the Fund is performing against other similar funds in this peer group sector. The ACD has selected the MSCI PIMFA Balanced Index as a comparator benchmark as the ACD believes it best reflects the asset allocation of the Fund.  These benchmarks are not targets for the Fund, nor is the Fund constrained by these benchmarks.
<b>Classes of shares which may be issued</b>	B Income Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	B Income Shares - £250,000
<b>Minimum subsequent investment</b>	B Income Shares - £5,000
<b>Minimum withdrawal</b>	None, as long as minimum holding remains
<b>Minimum holding</b>	B Income Shares - £250,000
<b>FCA Product Reference Number</b>	632711
<b>ACD's initial charge</b>	B Income Shares - 0%
<b>Charge for investment research:</b>	None
<b>ACD's annual management charge</b>	B Income Shares - 0.70% per annum
<b>Annual accounting date</b>	5 April
<b>Interim accounting date</b>	5 October
<b>Annual income allocation date</b>	5 August
<b>Interim income allocation date</b>	none
<b>Invest in eligible markets</b>	As listed in Appendix 4
<b>Income equalisation</b>	Yes, averaged

<b>Valuation Points</b>	Monday to Fridays excluding UK public and bank holidays at 12p.m.
<b>Large Deal for dilution</b>	3%
<b>Charges taken from Income or Capital?</b>	The ACD's annual management charge will be allocated equally between capital and income.  All other expenses other than those relating directly to the purchase and sale of investments will be allocated to income.
<b>Income to be distributed as a dividend or interest?</b>	The Sub-fund may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.

### Investor Profile

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

- (a) want to achieve capital growth and a reasonable income over the longer term through investing in UK and overseas markets through a selection of collective investment schemes using the expertise of the Investment Manager;
- (b) can meet the minimum investment levels;
- (c) are able to commit to a long term investment in the Sub-fund and take the risk of losing part or all of their investment capital; and
- (d) who understand and are willing to take the risks involved in investing in the Sub-fund (as detailed under "Risk Factors").

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

*\*Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))*

## APPENDIX 2

### Investment and borrowing powers of the Company

- 1 These restrictions apply to the Company.
- 1.1 Investment restrictions
  - 1.1.1 The property of the Company will be invested with the aim of achieving its investment objective but subject to the limits on investment set out in the FCA Regulations and its investment policy. These limits apply to the Company as summarised below:
  - 1.1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in the UK or an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money market instruments, deposits and derivatives and forward transactions.
  - 1.1.3 Eligible markets are regulated markets or markets established in the UK or an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Regulations and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and derivatives markets for the Company are set out in Appendix 4.
  - 1.1.4 New eligible securities markets may be added to the existing list in accordance with the procedure for amending the prospectus set out in the FCA Regulations.
- 1.2 Transferable securities
  - 1.2.1 Up to 10% of the value of the Company may be invested in transferable securities which are not approved securities.
  - 1.2.2 Up to 5% of the Company may be invested in transferable securities (other than Government and public securities) and money market instruments issued by any one issuer. However, up to 10% in value of the Company may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the value of all such holdings combined does not exceed 40% of the value of the property of the Company. Up to 20% in value of the scheme property of the Company can consist of transferable securities or money market instruments issued by the same group (being companies included in the same group for the purposes of consolidated accounts as defined in accordance with 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).

- 1.2.3 Up to 35% of the scheme property of the Company may be invested in Government and public securities issued or guaranteed by any one issuer. Subject to this restriction, there is no limit on the amount of the scheme property of the Company which may be invested in Government and public securities or such securities issued by any one issuer or of any one issue.
- 1.2.4 Notwithstanding the foregoing and except where the investment policy of the Company is inconsistent with this, up to 100% of the scheme property of the Company may be invested in Government and Public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the government of the United Kingdom and Northern Ireland, the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the governments of Australia, Canada, Japan, New Zealand, Norway, Switzerland and the United States of America.
- 1.2.5 If more than 35% in value of the scheme property of the Company is invested in Government and public securities issued by any one issuer, no more than 30% in value of the scheme property of the Company may consist of such securities of any one issue and the scheme property must include at least six different issues whether of that issuer or another issuer, and the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made .
- 1.3 Collective Investment Schemes
- 1.3.1 Except where the investment policy of the Company is inconsistent with this, up to 100% in value of the scheme property of the Company may be invested in units in other schemes, although not more than 20% in value of the scheme property of the Company is to consist of the units of any one collective investment scheme. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD, subject to the rules contained in COLL 5.2.15. Investment may only be made in other collective investment schemes where the maximum Annual Management Charge does not exceed 5%.
- 1.3.2 Subject to the rules in COLL 5.2.15, a Sub-fund of the Company may invest in units in another Sub-fund of the Company.
- 1.3.3 Provided that no more than 30% in value of the scheme property of the Company is invested in units in collective investment schemes which are not UCITS schemes, the Company may invest in collective investment schemes which:
- (a) are a UK UCITS scheme or comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
  - (b) are recognised under the provision of section 272 of the Financial Services and Market Act 2000; or
  - (c) are authorised as non-UCITS retail schemes; or
  - (d) are authorised in an EEA state; or
  - (e) are authorised by the competent authority of an OECD member country (other than the UK or an EEA state which has

- (i) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (ii) approved the scheme's management company, rules and depositary/custody arrangements (provided that certain requirements are met), which comply with the rules relating to investment in other group schemes contained in the FCA Regulations and are themselves schemes which have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.
- 1.3.4 If a substantial proportion of the Company'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 Company will be 5%.
- 1.3.5 The Company may invest in units or shares of collective investment schemes and pay any related charges or expenses for investing in such units or shares. Where the schemes invested in are managed, operated or administered by the ACD (or one of its associates) the rules on double charging contained in the FCA Regulations must be complied with.
- 1.4 Warrants and nil and partly paid securities
  - 1.4.1 Up to 100% in value of the scheme property of the Company may consist of warrants (which may at times make the portfolio composition highly volatile), provided that warrants may only be held if it is reasonably foreseeable there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations.
  - 1.4.2 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the FCA Regulations.
  - 1.4.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (Certificates representing certain securities) and which is akin to an investment falling within article 79 (Instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the scheme property unless it is listed on an eligible securities market.
- 1.5 Money market instruments
  - 1.5.1 Up to 100% in value of the scheme property of the Company can consist of money market instruments, which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time provided the money market instrument is listed on or normally dealt on an eligible market; or is issued or guaranteed by one of the following: the government of the United Kingdom and Northern Ireland, the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden and the governments of Australia, Canada, Japan, New Zealand, Norway, Switzerland and the United States of America; or issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an

establishment subject to prudential supervision in accordance with criteria defined by UK or Community law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or Community law.

1.5.2 Notwithstanding the above up to 10% of the scheme property of the Company may be invested in money market instruments which do not meet these criteria.

1.6 Deposits

1.6.1 Up to 20% in value of the scheme property of the Company can consist of deposits with a single body. The Company may only invest in deposits 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.

1.7 Efficient Portfolio Management

The Company may also 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 resembling options; or synthetic futures in certain circumstances.

The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the FCA Regulations. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:

- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- (b) Transactions for the generation of additional capital growth or income for the Company by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
  - (i) pricing imperfections in the market as regards the property which the Company holds or may hold; or
  - (ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of the Company which the Company is willing to buy or sell at the exercise price, or
  - (iii) stock lending arrangements.

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

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 FCA Regulations, 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 FCA Regulations. A permitted transaction may at any time be closed out.

## 1.8 Derivatives and forward transactions

Derivative and forward transactions may be used for the purposes of Efficient Portfolio Management. In pursuing the Company's objective the ACD may make use of a variety of derivative instruments in accordance with the FCA Regulations. Where derivatives are used for Efficient Portfolio Management techniques then this will not compromise the risk profile of the Company. Use of derivatives will not contravene any relevant investment objectives or limits.

1.8.1 Except as set out in 1.8.4 below there is no upper limit on the use of transactions in derivatives or forward transaction for the Company but they must fall under 1.8.2.

1.8.2 A transaction in a derivative or forward transaction must:

- (a) be an approved derivative; or
- (b) OTC in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.
- (c) have the underlying consisting of any or all of the following to which the Company is dedicated:
  - (i) transferable securities;
  - (ii) permitted money market instruments;
  - (iii) permitted deposits;
  - (iv) permitted derivatives;
  - (v) permitted collective investment scheme units;
  - (vi) financial indices;
  - (vii) interest rates;
  - (viii) foreign exchange rates; and

(ix) currencies.

- (d) be effected on or under the rules of an eligible derivatives market, it must not cause the Company to diverge from its investment objective, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty.

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

1.8.3 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered under 1.8.3(a).

- (a) Exposure is covered if adequate cover from within the scheme property for the Company is available to meet its total exposure, taking into account the initial outlay, the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- (b) Cash not yet received into the scheme property of the Company, but due to be received within one month, is available as cover for the purposes of 1.8.3(a).
- (c) Property the subject of a Stock lending transaction is only available for cover if the ACD 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.
- (d) The exposure relating to derivatives held in the Company may not exceed the net value of its scheme property.

1.8.4 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of the Company. This limit is raised to 10% where the counterparty is an approved bank. Counterparty risk exposure can be reduced by the Company 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 ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.

1.8.5 The use of derivatives or forwards for the purposes of Hedging or Efficient Portfolio Management will not materially alter the risk profile of the Sub-fund. The use of these techniques and instruments will only be employed where the ACD and the Investment Manager consider these to be in line with the best interests of the Sub-fund

1.9 Combinations of Investments

- 1.9.1 In applying the limits in 1.2.2, 1.6 and 1.8.4 not more than 20% in value of the scheme property is to consist of any combination of two or more of the following:
- (a) transferable securities or money market instruments issued by; or
  - (b) deposits made with; or
  - (c) exposures from OTC derivatives transactions made with; a single body.
- 1.10 Concentration
- 1.10.1 The Company must not hold more than:
- (a) 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
  - (b) 10% of the debt securities issued by any single body; or
  - (c) 10% of the money market instruments issued by any single body; or
  - (d) 25% of the units in a collective investment scheme.
- 1.10.2 The Company may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Company does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.
- 1.11 General
- 1.11.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Regulations, be entered into for the account of the Company.
- 1.11.2 Cash or near cash must not be retained in the scheme property of the Company except in order to enable the pursuit of the Company's investment objective; or for redemption of shares in the Company; or efficient management of the Company in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objectives of the Company.
- 2 Stock lending
- 2.1 The Company, or the Depositary at the Company's request, may enter into stock lending transactions (involving a disposal of securities in the Company and reacquisition of equivalent securities) when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk. Such transactions must comply with conditions set out in the FCA Regulations, which require (inter alia) that:
- (a) the stock lending transaction must be of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992;

- (b) the terms of the agreement under which the Depositary is to re-acquire the securities for the account of the Company must be acceptable to the Depositary and in accordance with good market practice;
  - (c) the counterparty must be acceptable in accordance with the FCA Regulations.
- 2.2 The collateral obtained must be acceptable to the Depositary and must also be adequately and sufficiently immediate as set down in the FCA Regulations.
- 3 Borrowing powers
  - 3.1 The Company may, subject to the FCA Regulations, borrow money from an eligible institution or an approved bank for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property.
    - 3.1.1 Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
    - 3.1.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the scheme property of the Company.
    - 3.1.3 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.

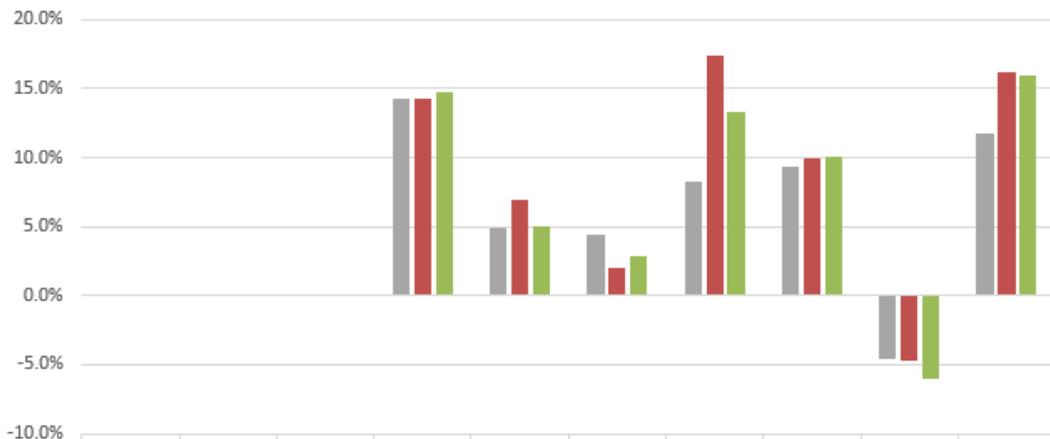
## APPENDIX 3

### Historical Performance Data

Past performance should not be seen as an indication of future performance.

#### ANNUAL PERFORMANCE RECORD NAV with Net Income Reinvested

Smith & Williamson MM Endurance Balanced Fund  
Class B Income Shares



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ Fund				14.3%	4.9%	4.4%	8.3%	9.3%	-4.6%	11.7%
■ MSCI PIMFA-Balanced Index				14.2%	6.9%	2.0%	17.4%	9.9%	-4.8%	16.2%
■ IA Mixed Investment-40-85% Shares Sector				14.8%	5.0%	2.8%	13.3%	10.0%	-6.1%	15.9%

Source: Fund - FEfundinfo 2020  
Benchmark - Morningstar

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

## APPENDIX 4

### List of Eligible Securities and Derivatives Markets

The Company may deal through securities markets established in the UK or member states of the European Union and the European Economic Area on which transferable securities admitted to official listing in the member state are dealt in or traded. In addition, up to 10% in value of the Company may be invested in transferable securities which are not approved securities.

The Company may also deal in the securities and derivatives markets listed below.

Any market established in the UK or an EU or EEA country on which transferable securities admitted to the official list in that country are dealt in or traded.

### Eligible Securities and Derivatives Markets

<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Company
<b>Japan</b>	Nagoya Stock Exchange Osaka Securities Exchange Tokyo Financial 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>	Eurex Zurich SIX Swiss Exchange
<b>Thailand</b>	Stock Exchange of Thailand
<b>Turkey</b>	Borsa Istanbul
<b>United States of America</b>	CME Group NASDAQ NASDAQ OMX Futures Exchange NASDAQ OMX PHLX New York Stock Exchange NYSE Arca NYSE LIFFE US NYSE MKT LLC

## APPENDIX 5

### Directory

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

Smith & Williamson Investment Funds ICVC  
45 Gresham Street  
London  
EC2V 7BG

#### **Authorised Corporate Director, Administrator & Registrar Registered Office:**

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

#### **Correspondence Address:**

Transfer Agency Team  
206 St Vincent Street  
Glasgow  
G2 5SG

#### **Telephone Numbers:**

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

#### **Investment Manager**

Evelyn Partners Investment Management LLP  
45 Gresham Street  
London  
EC2V 7BG

#### **Depository**

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

#### **Principal Place of Business:**

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

**Auditors**

Mazars LLP  
30 Old Bailey  
London  
United Kingdom  
EC4M 7AU

## APPENDIX 6

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

#### Name of Director

Brian McLean

James Gordon

Andrew Baddeley

Mayank Prakash

Paul Wyse (Non-Executive Director)

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

Sally Macdonald (Independent Non-Executive Director)

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

## APPENDIX 7

### TYPICAL INVESTOR PROFILE(S)

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

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

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

The Fund seeks to increase capital and grow income over a long time period.

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

## APPENDIX 8

### LIST OF AUTHORISED FUNDS THAT EVELYN PARTNERS FUND SOLUTIONS LIMITED ACTS AS AUTHORISED FUND MANAGER OR AUTHORISED CORPORATE DIRECTOR FOR

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

	<p>The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The SVS Levitas Funds The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund White Oak Fund</p>
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