

**OURAX UNIT TRUST**

**AN AUTHORISED UNIT TRUST**

**PROSPECTUS**

**(A Non-UCITS Retail Scheme with FCA Product Reference Number: 515835)**

**Valid as at 22 December 2022**

**PROSPECTUS  
OF  
OURAX UNIT TRUST**

This document constitutes the Prospectus for the Ourax Unit Trust (the “Trust”) which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the “FCA Regulations”) published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the “Act”).

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

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

The Prospectus is dated and is valid as at 22 December 2022.

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

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

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 The Trust is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

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

The Trustee 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.

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1 **DEFINITIONS**

- Accumulation Units** units (of whatever class), denominated in base currency, in the Trust 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 Regulations;
- Act** Financial Services and Markets Act 2000, as amended, extended, consolidated, substituted or re-enacted from time to time;
- Approved Bank** (in relation to a bank account opened by the Manager):
- (a) if the account is opened at a branch in the United Kingdom:
    - (i) the Bank of England; or
    - (ii) the central bank of a member state of the OECD; or
    - (iii) a bank; or
    - (iv) a building society; or
    - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - (b) if the account is opened elsewhere:
    - (i) a bank in (a); or
    - (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
    - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
    - (iv) a bank supervised by the South African Reserve Bank;
- 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 there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Trust's portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such;
- Client Money** means any money that a firm receives from or holds for, or on behalf of, a unitholder in the course of, or in

<b>Dealing Day</b>	connection with, its business unless otherwise specified; the 14th day of the month and the last Business Day of the month, except where the 14th day of the month is not a Business Day it shall be the next Business Day thereafter;
<b>Efficient Portfolio Management</b>	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>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>Income Units</b>	units (of whatever class) in the Trust 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 Trust;
<b>Investment Manager</b>	Rathbone Investment Management Limited;
<b>Manager</b>	Evelyn Partners Fund Solutions Limited, the Manager of the Trust from time to time;
<b>MiFID II</b>	Markets in Financial Instruments Directive, effective from 3 January 2018;
<b>Net Accumulation Units</b>	accumulation units which are net paying units;
<b>Net Asset Value or NAV</b>	the value of the Scheme Property less the liabilities of the Trust as calculated in accordance with the Trust Deed;
<b>Net Income Units</b>	income units which are net paying units;
<b>Net Paying Units</b>	units (of whatever class) of the Trust as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in

the case of accumulation units) or distributed periodically to the holders thereof (in the case of income units) in either case in accordance with the relevant tax law net of any tax deducted or accounted for by the Trust;

<b>OTC derivative</b>	over-the-counter derivative;
<b>Prime Broker</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Trust does not currently require the services of a Prime Broker;
<b>Scheme Property</b>	the property of the Trust to be given to the Trustee for safe-keeping, as required by the FCA Regulations;
<b>Trust</b>	the Ourax Unit Trust, a UK authorised unit trust;
<b>Trust Deed</b>	the deed constituting the Trust, as amended from time to time;
<b>Trustee</b>	NatWest Trustee & Depositary Services Limited; and
<b>Unit Class</b>	a particular class of units as described in Section 2.2.
<b>Valuation Point</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which units of a class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon 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 Manager and the Trustee.

## **2 THE TRUST**

The Ourax Unit Trust is an authorised unit trust, whose effective date of authorisation was 30 April 2010 (FCA Product Reference Number 515835).

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

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

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

Unitholders in the Trust are not liable for the debts of the Trust.

The Trust has been established as a “Non-UCITS retail scheme”.

### **2.1 Trust Structure**

As explained above the Trust is a Non-UCITS retail scheme.

Details of the Trust, including its investment objective and policy are set out in Appendix 1. The Trust may invest in derivatives for Efficient Portfolio Management purposes. The Trust may only use derivatives and forward transactions for investment purposes on the giving of 60 days’ notice to unitholders

### **2.2 Units**

The unit classes presently available are set out in the details in Appendix 1. Further unit classes may be made available in due course, as the Manager may decide. The nature of the right represented by a unit is that of a beneficial interest under a trust.

The minimum initial investment for each unit class is set out in Appendix 1. These limits may be waived at the discretion of the Manager.

All units issued by the Trust at present will be Net Income Units or Net Accumulation Units.

## **3 MANAGEMENT AND ADMINISTRATION**

### **3.1 Manager**

The Manager of the Trust is Evelyn Partners Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The Manager was incorporated on 30 July 1985 (Registered Company No 1934644).



**Registered Office and Head Office:**

45 Gresham Street  
London  
EC2V 7BG

Share Capital: Issued and paid up £50,000 Ordinary shares of £1 each

Information on the typical investor profile for the Trust is set out in Appendix 8.

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

As at the date of this Prospectus, the Manager acts as authorised corporate director or manager of the investment companies with variable capital and the authorised unit trusts as listed in Appendix 9.

**3.1.1 Terms of Appointment**

The Manager's appointment is governed by the Trust Deed.

The Manager is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations.

The Manager is under no obligation to account to the Trustee or the unitholders for any profit it makes on the issue or re-issue of units or cancellation of units which it has redeemed. The fees to which the Manager is entitled are set out later in this document.

The main business activities of the Manager are;

- (a) acting as authorised fund manager (or authorised corporate director); and
- (b) fund administration.

The directors of the Manager are listed in Appendix 7. None of them have any significant business activities not connected with the business of the Manager.

The Manager holds professional indemnity insurance to cover its professional liability risks (as set out in Article 12 of the AIFMD Level 2 Regulation), has appropriate professional indemnity insurance in place and maintains an amount of own funds sufficient to meet the PII Requirements in accordance with Article 15 of the AIFMD Level 2 Regulation (professional indemnity insurance). The Manager has internal operational risk policies in place to identify, measure, manage and monitor appropriately operational risks including professional liability risks to which the Manager is or could be reasonably exposed in accordance with the requirements of Article 13 of the AIFMD Level 2 Regulation. The operational risk management activities are performed independently by the Risk Oversight function.

Upon termination of the Manager Agreement and the appointment of another Manager (the New Manager), the Manager may transfer any sums being held as

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

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

## **3.2 The Trustee**

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

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

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

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

### **3.2.2 Conflicts of interest**

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

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

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

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

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

The Trustee has delegated safekeeping of the Scheme Property to The Bank of New York Mellon, London Branch (BNYM LB) (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Trust may invest to various sub-delegates (“sub-custodians”).

### **3.2.4 Terms of Appointment**

The Trustee was appointed as the Trustee of the non-UCITS retail scheme by virtue of the Trust Deed and is a Bank authorised by the Regulator to act as depositary of a non-UCITS retail scheme.

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

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

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

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

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

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

### **3.3 The Investment Manager**

The Manager has appointed Rathbone Investment Management Limited to provide investment management and related advisory services to the Manager pursuant to an agreement (the “Investment Advisory Agreement”). The Investment Manager has the authority to make investment decisions on behalf of the Trust and the Manager.

The Investment Advisory Agreement may be terminated on one month’s written notice by the Manager or the Investment Manager. Notwithstanding this, the Manager may terminate the Investment Advisory Agreement with immediate effect if it is in the interests of the unitholders.

The Manager has the ability to appoint further investment managers if it judges this to be in the interest of the unitholders.

Under the Investment Advisory Agreement, the Manager provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith).

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

The fees and expenses of the Investment Manager will be paid out of the property of the Trust as set out later in this document.

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

### **3.4 The Auditors**

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

The Administrator and Register of Unitholders

The register of unitholders is maintained by the Manager at its office at 206 St Vincent Street, Glasgow G2 5SG, and may be inspected at that address during normal business hours by any unitholder or any unitholder's duly authorised agent.

### **3.5 Conflicts of Interest**

The Manager, the Trustee 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 Trust. In addition, the Trust may enter into transactions at arm's length with companies in the same group as the Manager or the Investment Manager.

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

The Custodian may, from time to time, act as custodian and hold assets of other funds and investors.

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.

To ensure the fair treatment of Unitholders is central to all the activities of the Manager, the Manager has implemented a Treating Customers Fairly policy, against which all its policies and procedures and those of its delegates are measured and must conform. This ensures that conflicts of interest are appropriately managed in a way that is fair to Unitholders as outlined in this section, that expenses are proportionate and allocated fairly (see Fees and Expenses), that Unitholders can redeem their holdings (see Buying and Selling Units) and that if Unitholders are dissatisfied with their treatment their complaints are assessed by an independent and impartial investigator (see Complaints).

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

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

#### **4 CLIENT MONEY**

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

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

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

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

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

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

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

##### **5.1 Buying Units**

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

Where minimum investment levels allow, initial investments can only be made by sending a completed application form to the Manager's Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG, either;

- (a) accompanied by a cheque (up to a maximum value of £50,000) or
- (b) having made a telegraphic transfer to the Manager's bank account. Application forms can be obtained from the Manager.

The Manager will accept written instructions accompanied by payment for subsequent transactions which can be carried out by writing to the Manager's Transfer Agency team at the Correspondence Address set out in Appendix 6. The Manager will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase units by telephoning the Manager on 0141 222 1150.

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

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 Manager's discretion, and the Manager may at its discretion reject or defer an instruction to purchase Units until it is in receipt of cleared funds for the purchase (when the purchase of Units will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Units will only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application.

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

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

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

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

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

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

Unitholders have the right to cancel their transactions within 14 calendar days of receipt of their contract note. If a unitholder 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 unit price since the date of investment. This may result in a loss on the part of unitholders. If unitholders wish to exercise their right to cancel they should write to the Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. Unitholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Unitholders should note that in certain circumstances, there may be a delay in returning their investment.

#### **5.1.2 Documentation the Purchaser Will Receive**

A contract note giving details of the units purchased and the price used will be issued to the unitholder (the first named, in the event of joint holders) by the end of the next Business Day following the Valuation Point by reference to which the purchase price is determined, together with a notice of the applicant's right to cancel.

Unit certificates will not be issued in respect of units. Ownership of units will be evidenced by an entry on the Trust's register of unitholders. Tax vouchers in respect of half yearly distributions of income will show the number of units held by the recipient in respect of which the distribution is made. Individual statements of a unitholder's (or, when units are jointly held, the first named holder's) units 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 Manager may at its discretion accept subscriptions lower than the minimum amount.

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

#### **5.1.4 In Specie Issue**

If a unitholder requests, the Manager may at its discretion and subject to the approval of the Investment Manager and the Trustee, arrange for the Trust to accept securities in settlement of a purchase of units in the Trust as provided for in the Regulations. In particular, the Manager and Trustee will only do so where satisfied that the acceptance of the assets concerned would not likely to result in any material prejudice to the interests of the Unitholders

### **5.2 Selling Units**

#### **5.2.1 Procedure**

Every unitholder has the right to require that the Trust redeem his units on any Dealing Day unless the value of units which a unitholder wishes to redeem will

mean that the unitholder will hold units with a value less than the required minimum holding, in which case the unitholder may be required to redeem his entire holding.

Requests to redeem units may be made in writing to the Manager's Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. The Manager may also, at its discretion and by prior agreement, accept instructions to redeem units from FCA regulated entities by telephone on 0141 222 1150 or by fax. The Manager may accept requests to sell or transfer units by electronic communication. Electronic communication does not include email.

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

#### **5.2.2 Documents the Seller Will Receive**

A contract note giving details of the number and price of units sold will be sent to the selling unitholder (the first named, in the case of joint unitholders) or their duly authorised agents with a form of renunciation for completion and execution by the unitholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the next Business Day following the Valuation Point by reference to which the redemption price is determined. Payment (usually BACS or CHAPS transfer) will be made in satisfaction of the redemption monies within four Business Days of the later of:

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

#### **5.2.3 Minimum Redemption**

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

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

If a unitholder requests the redemption of units, the Manager may, if it considers the deal substantial in relation to the total size of the Trust, arrange for the Trust to cancel the units and transfer Scheme Property to the unitholder instead of paying the price of the units in cash, or, if required by the unitholder, pay the net proceeds of sale of the relevant Scheme Property to the unitholder.

A deal involving units representing 5% or more in value of the Trust will normally be considered substantial, although the Manager may in its discretion agree an in



specie redemption with a unitholder whose units represent less than 5% in value of the Trust.

Before the proceeds of cancellation of the units become payable, the Manager will give written notice to the unitholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that unitholder.

The Manager will select the property to be transferred (or sold) in consultation with the Trustee 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 unitholder than to continuing unitholders, and any such redemption as set out above, shall be subject to a retention by the Trust from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of units.

#### **5.2.5 Direct Issue or Cancellation of Units**

There is no facility for direct issue or cancellation of units by the Trustee.

### **5.3 Switching**

If applicable, a holder of units may at any time switch all or some of his units (“Old Units”) for units of another fund (“New Units”). The number of New Units issued will be determined by reference to the respective prices of New Units and Old Units at the Valuation Point applicable at the time the Old Units are repurchased and the New Units are issued.

Switching may be effected in writing to the Manager. The Manager may at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The Manager may accept requests to switch units by electronic communication. Electronic communication does not include email.

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

The Manager may at its discretion charge a fee on the switching of units between funds. These fees are set out in Section 5.4.3.

If the switch would result in the unitholder holding a number of Old Units or New Units of a value which is less than the minimum holding, the Manager may, if it thinks fit, convert the whole of the applicant’s holding of Old Units to New Units or refuse to effect any switch of the Old Units. No switch will be made during any period when the right of unitholders to require the redemption of their units is suspended (as to which see Section 4.7 below). The general provisions on selling units shall apply equally to a switch.

The Manager may adjust the number of New Units 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 Units or repurchase or cancellation of the Old Units as may be permitted pursuant to the FCA Regulations.

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

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

#### **5.4 Dealing Charges**

##### **5.4.1 Preliminary Charge**

The Manager may impose a charge on the sale of units to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the Manager. Full details of the current preliminary charge for each class of unit are set out in Appendix 1.

##### **5.4.2 Redemption Charge**

The Manager may make a charge on the redemption of units. At present no redemption charge is levied.

The Manager may not introduce a redemption charge on units unless, not less than 60 days before the introduction, it has given notice in writing to the then current unitholders at their registered address 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 units being redeemed and will be paid by the Trust to the Manager.

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 Manager.

##### **5.4.3 Switching Fee**

On the switching of units of one Trust for units of another Trust a switching fee may be applied. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Trust into which units are being switched. The switching fee is payable to the Manager. Currently no switching charge will be levied.

##### **5.4.4 Other Dealing Information**

As the Trust operates a system of dual pricing, no “dilution levy” or “dilution adjustment” will be applied.

#### **5.5 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 units. The Manager reserves the right to reverse the transaction or to refuse to sell units if it is not satisfied as to the identity of the applicant.

## 5.6 Restrictions and Compulsory Transfer and Redemption

The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of units.

## 5.7 Suspension of Dealings in the Trust

The Manager may, with the agreement of the Trustee, or must if the Trustee so requires, temporarily suspend the issue, cancellation, sale and redemption of units in the Trust, if the Manager or the Trustee is of the opinion that due to exceptional circumstances it is in the interests of all the unitholders. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the unitholders. The Manager and the Trustee 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.

The Manager will notify all unitholders of the suspension in writing as soon as practicable and will publish details to keep unitholders appropriately informed about the suspension, including its likely duration.

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

## 5.8 Governing Law

All deals in units are governed by English law.

## 6 VALUATION OF THE TRUST

The property of the Fund will normally be valued at 12.00 pm on each Dealing Day. Valuation of the Trust will be in two parts: one on an issue basis, which will form the basis of the price at which units are issued (issue price); the other on a cancellation basis, which will form the basis of the price at which units are cancelled (cancellation price). The Manager is able to set a dealing spread between the maximum sale price (issue price plus the initial charge) and cancellation price, and to determine where dealing prices should lie within a range between the maximum sale price and the cancellation price.

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

The Manager maintains a Fair Value Pricing policy with an audit review carried out annually. The policy is detailed fully in the Fair Value Policy document.

The Manager's Transfer Agency Team may request a change to the pricing methodology in certain circumstances. The policy is detailed in the Pricing Policy document.

All asset prices from the primary price source are compared to two other sources to ensure the validity of each price. The policy is detailed in the Pricing Policy document.

## 6.1 Calculation of the Net Asset Value

The Manager must prepare each valuation on two bases, reflecting the differing bid and offer valuations of underlying assets where it is normal for such differences to be quoted. The value of the property of the Trust must be valued at fair value and shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions. All the property of the Trust (including receivables) is to be included, subject to the following provisions:

“Dealing Costs” means any fiscal charges, commission or other charges payable in the event of the Trust carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Trust are the least that could reasonably be expected to be paid in order to carry out the transaction. On the issue basis, Dealing Costs excludes any initial charge on the sale of units in the Trust. On the cancellation basis, Dealing Costs includes any charge payable on redemption of units (taking account of any expected discount), except where the Manager of the Trust is also the authorised fund manager, or an associate of the authorised fund manager, of the fund whose units or shares form part of that property.

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

### 6.1.1 Units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price (plus the initial charge minus any expected discount (plus Dealing Costs including any dilution levy and SDRT provision)) for valuations on an issue basis but where the Manager of the Trust is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Trust, must not include an initial charge which would be payable in the event of a purchase of by the Trust of those units or shares; and at that price (less Dealing Costs) on a cancellation basis; or
- (b) if separate buying and selling prices are quoted, at the most recent maximum sale price less any expected discount (plus Dealing Costs) when valuing on an issue basis but where the Manager or an associate of the Manager is also the Manager or authorised corporate director of the collective investment scheme whose units are held by the Trust, the issue price shall be taken instead of the maximum sale price; and the most recent minimum redemption price less Dealing Costs on a cancellation basis; or
- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the units or shares, at a value which, in the opinion of the Manager, is fair and reasonable.

- 6.1.2 Any other transferable security:
- (a) if a single price for buying and selling the security is quoted, at that price (plus Dealing Costs) for valuations on an issue basis; and at that price (less dealing costs) on a cancellation basis; or
  - (b) if separate buying and selling prices are quoted, at the best available market dealing offer prices on the most appropriate market in a standard size (plus Dealing Costs) for valuations on an issue basis; and best available market dealing bid price on the most appropriate market in a standard size (less Dealing Costs) for valuations on a cancellation basis; or
  - (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the security, at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing costs) for valuations at issue; and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations at cancellation.
- 6.1.3 Property other than units or shares in a collective investment scheme and other transferable securities; at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing Costs) for valuations at issue and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations at cancellation. The buyer's price or the seller's price is the consideration which would be paid or received by a buyer or seller, as appropriate, for an immediate transfer or assignment to him at arm's length.
- 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 for valuations on both an issue and cancellation basis.
- 6.1.5 Property which is a contingent liability transaction shall be treated as follows:
- (a) if a written option, (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable on both an issue and cancellation basis but in the case of the calculation of the issue basis, deduct and in the case of the calculation of the cancellation basis add Dealing Costs. If the Property is an off-exchange derivative the method of valuation shall be agreed between the Manager and Trustee;
  - (b) if an off-exchange future, include at the net value of closing out, estimating the amount of profit or loss receivable or incurred by the Trust on closing out the contract and deducting minimum Dealing Costs in the case of profits and adding them back in the case of loss. If the Property is an off-exchange derivative in accordance with a valuation method, on both an issue and cancellation basis, agreed between the Manager and the Trustee;
  - (c) if any other forms of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value) on both an issue and cancellation basis. If the property is an off-exchange

derivative, include at a valuation method agreed between the Manager and the Trustee.

- 6.1.6 In determining the value of the property of the Trust, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case. Agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken except that futures or contracts for differences which are not yet due to be performed, and written or purchased options which have not expired or been exercised, shall not be included in the above paragraph. All agreements are to be included under the above paragraph which are, or ought reasonably to have been, known to the person valuing the property.
- 6.1.7 In determining the value of the property of the Trust the following adjustments will be made:
- (a) Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax (both realised and unrealised gains), income tax, corporation tax, value added tax and stamp duty reserve tax and any other fiscal charge not covered under this deduction.
  - (b) Deduct an estimated amount for any liabilities payable out of the Trust property and any tax thereon treating periodic items as accruing from day to day.
  - (c) Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
  - (d) Deduct the value of any option written (if the premium for writing the option has become part of the scheme property).
  - (e) Deduct, in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the Valuation Point).
  - (f) Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable and any stamp duty reserve tax provision anticipated to be received.
  - (g) Add any other credits or amounts due to be paid into the property of the Trust.
  - (h) Add, in the case of a margined contract, any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the Valuation Point).
  - (i) Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to

result in any material prejudice to the interests of unitholders or potential unitholders.

- (j) Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

## **6.2 Price Per Unit in the Trust and Each Class**

The price per unit at which units are sold is the sum of the Net Asset Value per unit, calculated on the issue basis, plus any applicable preliminary charge, as described above. The price per unit at which units are redeemed is the Net Asset Value per unit, calculated on the cancellation basis, less any applicable redemption charge, as described above.

## **6.3 Pricing Basis**

The Trust 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**

Unitholders can obtain the price of their units by calling 0141 222 1151 (local rate) or by going to [www.trustnet.com](http://www.trustnet.com).

## **7 RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Trust. Units in the Trust should generally be regarded as a long-term investment.

### **7.1 General Risks**

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

Where investments are in the units 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 unit of the Trust may fluctuate more than if the Trust was invested in the underlying securities because of the greater volatility of the warrant price.

#### **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 Scheme Risk**

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

Unregulated collective investment schemes in which the Trust may invest up to 20% of its scheme property may invest in highly illiquid securities that may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. You should be aware that liquidity constraints and the extent to which a fund's securities are valued by independent sources are factors which could have an impact on the Trust'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.

#### **7.8 Leverage Risk**

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



in the case of losses that these are compounded and as a result have a material negative impact on the value of the Trust.

#### **7.9 Futures and Options Risk**

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

#### **7.10 Foreign Currency Risk**

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

#### **7.11 Pricing and Valuation Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Trust will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the 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.

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

The Trust may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control

of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the fund and its unit price.

#### **7.13 Smaller and Unquoted Companies Risk**

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

#### **7.14 Risk to Capital**

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

#### **7.15 Liquidity Risk**

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

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

#### **7.18 Custody Risk**

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

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

#### **7.19 Tax Risk**

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

The use of derivatives may involve additional risks for unitholders. These additional risks include leverage factors associated with transactions in the Trust. To the extent that derivatives are used for investment purposes, the overall risk of loss to the Trust may be increased. Derivatives may be used by the Trust for Efficient Portfolio Management purposes only. As a result, the NAV of the Trust could potentially be more volatile, however, it is the Investment Managers' intention that the Trust, owing to their portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Trust. See also paragraph 1 in Appendix 2.

## **8 RISK MANAGEMENT**

Upon request to the Manager a unitholder can receive information relating to:

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

The FCA Regulations require that authorised fund managers maintain a liquidity risk management process.

The Manager assesses how many days are likely to be required to sell investments without negatively impacting the Unit price or liquidity on a best endeavours basis i.e. a liquidity ladder. The Manager assess the bid/offer spreads and trading volumes as widening spreads and thin trading volumes give an indication that it might be more difficult to dispose of an investment. The characteristic of the Trust determines the frequency of this assessment. The main factors are:

- (a) liquidity of underlying investments;
- (b) the size of the investment as a proportion of the Trust and also relative to the market (e.g. proportion of the holding to the average trade size); and
- (c) the average holding period of Unitholders in the Trust.

It is also the Manager's responsibility to ensure that the Investment Manager undertakes testing of its liquidity management arrangements against various stressed liquidity arrangements on a regular basis.

### **8.1 Liabilities of the Trust**

Unitholders are not liable for the debts of the Trust. A unitholder is not liable to make any further payment to the Trust after paying the purchase price of units.

## 8.2 Historical Performance Data

Historical performance data for the Trust, expressed as discrete annual returns in percentage terms, is set out in the bar chart in Appendix 3. Past performance should not be seen as an indication of future performance.

## 9 FEES AND EXPENSES

### 9.1 General

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

- (a) the fees and expenses payable to the Manager, Investment Manager and to the Trustee;
- (b) 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 Trust and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (c) fees and expenses in respect of establishing and maintaining the register of unitholders and any sub-register of unitholders;
- (d) any costs incurred in or about the listing of units in the Trust on any Stock Exchange, and the creation, conversion and cancellation of units;
- (e) any costs incurred in producing and dispatching any payments made by the Trust, or the yearly and half-yearly reports of the Trust, or the Prospectus;
- (f) any fees, expenses or disbursements of any legal or other professional adviser of the Trust, including those incurred on the establishment of the Trust;
- (g) any costs incurred in taking out and maintaining any insurance policy in relation to the Trust;
- (h) any costs incurred in respect of meetings of unitholders convened for any purpose including those convened on a requisition by unitholders not including the Manager or an associate of the Manager;
- (i) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Trust in consideration for the issue of units as more fully detailed in the FCA Regulations;
- (j) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (k) taxation and duties payable in respect of the property of the Trust or the issue or redemption of units, including stamp duty reserve tax;
- (l) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

- (m) the fees of the FCA, in accordance with the chapter of the FCA Rules entitled “Fees Manual”, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Trust are or may be marketed;
- (n) the Trustee’s expenses, as detailed in Section 8.4 below;
- (o) 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 Trust and any expenses incurred in distributing information regarding the prices of units to unitholders;
- (p) any fees or expenses incurred in the modification of the Prospectus and/or Trust Deed and/or simplified prospectus or its successor document, to the extent permitted by the FCA Rules;
- (q) any expenses incurred in the printing and preparation (but not the dissemination) of the simplified prospectus or its successor document; and
- (r) any fees or expenses incurred in translating any document.

Value Added Tax is payable on these charges where appropriate.

Expenses are allocated between income and capital in accordance with the FCA Regulations and the Act and as specified in Appendix 1. Where expenses are allocated to income, but at the end of the accounting period there is insufficient income, the shortfall may be allocated to capital in accordance with the FCA Regulations and the Act. This may constrain capital growth.

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

## 9.2 Charges Payable to the Manager

In payment for carrying out its duties and responsibilities the Manager is entitled to take out of the Trust an annual management charge.

The annual management charge accrues daily and is payable monthly in arrears on the last Business Day of each month. The fee is calculated by reference to the value of the Trust on the last Business Day of the preceding month. The current management charges are set out in Appendix 1.

The Manager is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty, stamp duty reserve tax on transactions in units and expenses incurred in effecting regulatory changes to the Trust.

The Manager may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of unitholders in the Trust.

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

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

Details of the Evelyn Partners Fund Solutions Limited remuneration policy are available on the website <https://www.evelyn.com/regulatory/remuneration-code-disclosure>.

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

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

### **9.3 Investment Manager's Fees**

The Investment Manager's fees and expenses are paid by the Trust. The current annual fees are set out in Appendix 1.

### **9.4 Trustee's Fee**

The Trustee receives for its own account a periodic fee which will accrue daily from the last Business Day in the preceding month to the last Business Day in each month. It is payable within seven days after the last Business Day in each month. The fee is calculated by reference to the value of the Trust on the last Business Day of the preceding month except for the first accrual, which is calculated by reference to the first Valuation Point of the Trust. The fee is payable out of the property of the Trust. The rate of the periodic fee is agreed between the Manager and the Trustee.

The current fee payable is;

- (a) 0.0275% on first £50 million,
- (b) 0.025% between £50 million and £100 million,
- (c) 0.02% above £100 million per annum plus VAT;

the minimum charge is £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 the Trust will take place in respect of the period beginning on the day on which the first valuation of that Trust is made and ending on the last Business Day of the month in which that day falls.

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

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

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

Where relevant, the Trustee may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending transactions, in relation to the Trust and may sell or deal in the sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the Regulations.

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

On a winding up of the Trust or the redemption of a class of units, the Trustee will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Trustee.



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

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

## **10 UNITHOLDER MEETINGS AND VOTING RIGHTS**

### **10.1 Requisitions of Meetings**

The Manager may requisition a general meeting at any time.

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

### **10.2 Notice of Quorum**

Unitholders will receive at least 14 days' notice of a unitholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two unitholders, present in person or by proxy. The quorum for an Adjourned Meeting is also two unitholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to unitholders at their registered addresses.

### **10.3 Voting Rights**

At a meeting of unitholders, on a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote. For joint unitholders, the vote of the first unitholder, or the proxy of the first unitholder, stated in the register of unitholders will be accepted to the exclusion of the votes of other joint unitholders.

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

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

Except where the FCA Regulations or the Trust Deed 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 Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in the FCA Rules) of the Manager is entitled to vote at any meeting of the Trust except in respect of units which the Manager or associate holds on behalf of or jointly with a person who, if the registered unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions. Where every unitholder in the Trust is prohibited by the FCA Rules from voting, a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of unitholders representing 75% of the units of the Trust in issue.

“Unitholders” in this context means unitholders on the date seven Business Days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the Manager not to be unitholders at the time of the meeting.

#### **10.4 Class Meetings**

The above provisions, unless the context otherwise requires, apply to unit class meetings as they apply to general meetings of unitholders. However, an extraordinary resolution will be required to sanction a variation of class rights.

### **11 TAXATION**

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Trust and to individual and corporate investors who are the absolute beneficial owners of a holding in the Trust which is held as an investment. The summary’s applicability 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 Trust” and “Equity Trust”. A “Bond Trust” is a Trust which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not units, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Trust and the investors within it are treated separately in this section. It is anticipated that the Trust will for most periods be an Equity Trust for these purposes, but that depending on how it is invested it may constitute a Bond Trust for some periods.

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

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

An Equity Trust is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Trust 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.

### 11.1.2 Tax on income

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

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

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

Profits from loan relationships are treated as taxable income, as for a Bond Trust.

## 11.2 Taxation of a Bond Trust

### 11.2.1 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 Trust will be exempt from UK tax on chargeable gains.

### 11.2.2 Tax on Income

A Bond Trust 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 Trust.

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

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

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

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

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

### **11.3 Taxation of a Unitholder - Equity Trust**

#### **11.3.1 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 unitholders within the charge to corporation tax are deemed to comprise two elements:

- where an Equity Trust'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 unitholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such unitholders 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
- 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 Trust 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.

#### **11.3.2 Capital gains**

Unitholders 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 units. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. 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 unitholders, 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 units.

Unitholders 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 Trusts could apply.

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

### **11.3.3 Inheritance tax**

A gift by a unitholder of his unitholding in the Trust or the death of a Unitholder may give rise to a liability to inheritance tax, except where the Unitholder 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 Unitholding at less than the full market value may be treated as a gift.

## **11.4 Taxation of a Unitholder - Bond Trust**

### **11.4.1 Income Distributions: Interest Distributions**

Accumulations and distributions of income (‘distributions’) comprise income for UK tax purposes. Unitholders 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.

### **11.4.2 Capital gains**

Unitholders 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 units. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units 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 unitholders, 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 units.

In respect of unitholders subject to corporation tax, holdings in a Trust 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.

### **11.4.3 Inheritance tax**

A gift by a Unitholder of his unitholding in the Trust or the death of a Unitholder may give rise to a liability to inheritance tax, except where the Unitholder 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 Unitholding at less than the full market value may be treated as a gift.

## **11.5 Stamp Duty Reserve Tax**

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

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

- (a) Third party transfer of units
- (b) Non-pro rata in specie redemptions.

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

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

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

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

### **11.6.2 Common Reporting Standard**

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

## 12 INCOME EQUALISATION

Income equalisation, as explained below, may apply in relation to the Trust, as detailed in Appendix 1.

Part of the purchase price of a unit reflects the relevant share of accrued income received or to be received by the Trust. This capital sum is returned to a unitholder with the first allocation of income in respect of a unit issued during an accounting period.

The amount of income equalisation is either;

- (a) the actual amount of income included in the issue price of that unit or
- (b) is calculated by dividing the aggregate of the amounts of income included in the price of units issued or sold to unitholders in an annual or interim accounting period by the number of those units and applying the resultant average to each of the units in question.

The Manager currently uses the method outlined in (a) above to apply income equalisation.

## 13 WINDING UP OF THE TRUST

The Trust may be wound up under the FCA Regulations, following approval by the FCA, in the following circumstances:

- (a) if the order declaring the Trust to be an authorised unit trust scheme ("Order of Authorisation") is revoked;
- (b) if the Manager or the Trustee requests the FCA to revoke the Order of Authorisation and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, the FCA will accede to that request;
- (c) if an extraordinary resolution is passed to wind up the Trust and the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee;
- (d) on the effective date of a duly approved scheme of arrangement of the Trust which is to result in the Trust being left with no property;
- (e) on the expiry of any period specified in the Trust Deed as the period at the end of which the Trust is to be wound up.

On the occurrence of any of the above:

- (a) in the case of scheme of arrangement referred to above the Trustee shall wind up the Trust in accordance with the scheme of arrangement.
- (b) in any other case, the Trustee shall, as soon as practicable after the Trust falls to be wound up, realise the property of the Trust and, after paying all liabilities properly payable and retaining provision for the costs of the

winding-up, distribute the proceeds to the unitholders and the Manager proportionately to the size of their holdings.

- (c) any unclaimed net proceeds or other cash held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into court, although the Trustee will have the right to retain any expenses incurred in making that payment.
- (d) on completion of the winding-up of the Trust, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the Order of Authorisation.

## 14 GENERAL INFORMATION

### 14.1 Accounting Periods

The annual accounting period of the Trust ends each year on 25 January (the accounting reference date). The interim accounting periods of the Trust end each year on 25 April, 25 July and 25 October.

### 14.2 Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period.

Distributions of income in respect of Net Income Units are paid by BACS or by telegraphic transfer, in accordance with Section 13.1, on or before the annual income allocation date of 25 April and on or before the interim distribution dates of 25 July, 25 October and 25 January.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Trust in respect of that period, and deducting any charges and expenses paid or payable out of income in respect of that accounting period.

The Manager then makes such other adjustments as it considers appropriate (and after consulting the Trustee as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, transfers between the income and capital account and any other adjustments which the Manager considers appropriate after consulting the auditors. The Manager does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period.

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



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 Trust.

### 14.3 Annual and Half-yearly Reports

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

The annual and half-yearly reports will include disclosures on the following:

- (a) The percentage of the Trust's assets that are subject to special arrangements arising from their illiquid nature;
- (b) Any new arrangements for managing the liquidity of the Trust;
- (c) The current risk profile of the Trust and the risk management systems employed by the Manager to manage those risks;
- (d) Any changes to the maximum level of leverage that the Manager may employ on behalf of the Trust;
- (e) Any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- (f) The total amount of leverage employed by the Trust.

### 14.4 Documents Relating to the Trust

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

- (a) the most recent annual and half-yearly reports of the Trust;
- (b) the Prospectus; and
- (c) the Trust Deed (and any amending deed).

The Manager may make a charge at its discretion for copies of the Trust Deed, however, the reports and the Prospectus are available free of charge.

### 14.5 Notices

Notices and Documents will be sent to the unitholder's registered address.

### 14.6 Complaints

Complaints concerning the operation or marketing of the Trust should be referred to the compliance officer of the Manager 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 Ombudsman Service at Exchange Tower,

Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the Manager's complaints handling procedure is available on request.

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

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

#### **14.7 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.

#### **14.8 Telephone Recordings**

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

#### **14.9 Best Execution**

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

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

#### **14.10 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 Trust, an Investment Manager or the Manager (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

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

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

## APPENDIX 1

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

Investment of the assets of the Trust must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy are set out overleaf together with other information including available unit classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Trust is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which the Trust may invest are contained in Appendix 4 and Appendix 5. A list of the locations of the establishment of any second schemes which the Trust may invest in from time to time is shown in Appendix 10.

Changes to the Investment Objective and Policy will normally require approval by Unitholders at an Extraordinary General Meeting if the change alters the nature or risk profile of the Trust, or on giving 60 days' notice to Unitholders where these do not alter the nature or risk profile of the Trust. In exceptional circumstances, changes may be made to the Investment Objective and Policy with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the Investment Objective and Policy following notification to the FCA pursuant to the Act and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Trust.

#### **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 Trust (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID can be provided free of charge on request.

## THE OURAX UNIT TRUST

### Investment Objective and Policy

To achieve a combination of income and long term capital growth. The Trust will invest globally, predominantly in equities and bonds (both directly and through regulated collective investment schemes) with the remaining investments comprising warrants, money market instruments, cash and deposits. The investment manager will at times hold a high degree of fixed interest securities within the Trust if it is believed that worldwide stock market conditions are not appropriate for longer term investment. There will be no emphasis based on any particular economic or industrial sectors. The investment manager will not be restricted in his choice of investment by industry, size of company or by geographical location.

**It is the Manager's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management. The Trust may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to unitholders. The use of derivatives for investment purposes may alter the risk profile of the Trust.**

Please be aware that there is no guarantee that capital will be preserved.

<b>Benchmark*</b>	<p>Unitholders may compare the performance of the Trust against the MSCI PIMFA Balanced Index.</p> <p>The Manager has selected this comparator benchmark as it believes this benchmark best reflects the Trust's asset allocation.</p> <p>The benchmark is not a target for the Trust, nor is the Trust constrained by the benchmark.</p>
<b>Classes of Units available</b>	Net Income Units
<b>Currency of denomination</b>	Pounds Sterling
<b>Minimum initial investment</b>	£1,000,000
<b>Minimum subsequent investment</b>	£100,000
<b>Minimum withdrawal</b>	None
<b>Minimum holding</b>	£1,000,000
<b>Charge for investment research</b>	None
<b>Manager's preliminary charge</b>	5%

<b>Annual management charge</b>	0.15% per annum subject to a minimum of £32,000 per annum
<b>Annual Adviser's fee</b>	0.55%
<b>Annual accounting date</b>	25 January
<b>Interim accounting date</b>	25 April, 25 July and 25 October
<b>Annual income allocation date</b>	25 April
<b>Interim income allocation date</b>	25 July, 25 October and 25 January
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 4 and 5
<b>Income Equalisation</b>	Yes
<b>Charges Taken From Income or Capital?</b>	All charges and expenses taken from Capital.  This may result in capital erosion or constrain capital growth
<b>Income to be distributed as a dividend or interest?</b>	The Trust may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.

## Investor Profile

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

- (a) want to achieve a combination of income and long term capital growth through investing in UK and overseas markets 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 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 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 Trust

These restrictions apply to the Trust.

#### 1 Investment Restrictions

The Trust will be invested with the aim of achieving the investment objective of the Trust but subject to the limits on investment set out in the FCA Regulations and the Trust's investment policy.

Generally the Trust 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 an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money market instruments and deposits. Derivatives and forward transactions will only be used by the Trust for Efficient Portfolio Management purposes and the Trust may only use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to unitholders.

Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the property of the Trust 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 Trust are set out in Appendix 4 and Appendix 5.

New eligible securities markets may be added to the existing list in accordance with the FCA Regulations governing approvals and notifications.

#### 2 Transferable Securities and Money Market Instruments

2.1 Up to 100% of Scheme Property may consist of transferable securities and money-market instruments which must:

2.1.1 be admitted to or dealt in on an eligible market being any of:

- (a) a regulated market;
- (b) a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (c) a market not falling within (a) and (b) but which the Manager after consultation with the Trustee decides is appropriate for investment of, or dealing in the Scheme Property and the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the Manager in deciding whether that market is eligible (see the list in Appendix 4);



- 2.1.2 be recently issued transferable securities provided that:
- (a) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - (b) such admission is secured within a year of issue; or
- 2.1.3 be approved money-market instruments not admitted to or dealt in on an eligible market in respect of which:
- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - (b) the instrument is issued (or guaranteed in the case of (i) and (iii)) by:
    - (i) a central authority of an EEA State (or if the EEA State is a federal state, one of the members making up the federation), a regional or local authority of an EEA State, the European Central Bank or a central bank of an EEA State, the European Union or the European Investment Bank, a non-EEA State (or in the case of a federal state, one of the members making up the federation), or a public international body to which one or more EEA States belongs;
    - (ii) by a body, any securities of which are dealt in on an eligible market; or
    - (iii) an establishment which is subject to prudential supervision in accordance with criteria defined by Community law, or subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.
- 2.2 Up to 20% in value of the Scheme Property may consist of:
- (a) transferable securities which are not within 2.1.1 to 2.1.3; or
  - (b) money-market instruments which are liquid and have a value which can be determined accurately at any time.
- 2.3 Up to 10% of the value of the Trust may be invested in transferable securities, other than Government and public securities, or money market instruments issued by any single body. This limit of 10% is raised to 25% in value of the Trust in respect of covered bonds.
- 2.4 More than 35% of the Scheme Property 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 and of a member State of the European Community or EEA (i.e. Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden); or by or on behalf of the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.

- 2.5 The Manager has consulted with the Trustee and considers that the issuers named in 2.4 above are ones which are appropriate in accordance with the investment objectives of the Trust set out in Appendix 1. If more than 35% in value of the Scheme Property of the Trust is invested in Government and public securities issued by any one issuer, no more than 30% in value of the Scheme Property of the Trust 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.

### 3 Collective Investment Schemes

Except where the investment policy of the Trust is inconsistent with this, up to 100% in value of the property of the Trust may be invested in units in other collective investment schemes (hereafter a “second scheme”) although not more than 35% in value of the Scheme Property is to consist of the units of any one second scheme. Investment may be made in a second scheme managed by the Manager or an associate of the Manager. Investment may only be made in second schemes whose maximum annual management charge does not exceed 5%.

#### 3.1 Any second scheme must either:

- (a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (Directive 1985/611/EEC, as amended);
- (b) be a recognised scheme;
- (c) be authorised as a non-UCITS retail scheme;
- (d) be constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
- (e) be a scheme not falling within (a) to (d) above and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.

The second scheme must also operate on the basis of the prudent spread of risk, be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes (unless COLL 5.6.10AR applies) and the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.

The Trust 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 Manager (or one of its associates) the rules on double charging contained in the FCA Regulations must be complied with.

Any second schemes in which the Trust invests will be established in the locations listed in Appendix 10. The Trust may invest in second schemes established in locations not currently listed in Appendix 10 provided the second scheme satisfies the requirements of this Prospectus and the FCA Regulations, where this occurs the list in Appendix 10 will be updated and an updated Prospectus issued.

## 4 Feeder Schemes

4.1 A non-UCITS retail scheme that is not a feeder NURS may, if the following conditions are met, invest in units of:

- (a) a feeder UCITS; or
- (b) a feeder NURS; or
- (c) a scheme dedicated to units in a single property authorised investment fund; or
- (d) a scheme dedicated to units in a recognised scheme.

4.2 The relevant master UCITS must comply with COLL 5.2.13R(2), (3) and (4) as if it were the second scheme for the purpose of that rule.

4.3 The relevant qualifying master scheme, property authorised investment fund or recognised scheme must comply with COLL 5.6.10R(2) to (5) as if it were the second scheme for the purpose of that rule.

4.4 Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under 4.1(a) to (d).

4.5 The non-UCITS retail scheme must not invest directly in units of the relevant master UCITS, qualifying master scheme, property authorised investment fund or recognised scheme.

4.6 The authorised fund manager of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under 4.1(a) to (d) is:

- (a) in the interests of investors; and
- (b) no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant:
  - (i) master UCITS; or
  - (ii) qualifying master scheme; or
  - (iii) property authorised investment fund; or
  - (iv) recognised scheme.

## 5 Warrants and Nil and Partly Paid Securities

Up to 5% in value of the Scheme Property may consist of warrants, 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.

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 Trust at any time when the payment is required without contravening the FCA Regulations.

A warrant may not be included in the Scheme Property unless it is listed on an eligible securities market.

## **6 Deposits**

Up to 20% in value of the Scheme Property can consist of deposits with a single body. The Trust 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.

## **7 Derivatives and Forward Transactions**

Derivatives may be used by the Trust for Efficient Portfolio Management purposes only. Derivatives and forward transactions may be used for investment purposes on providing unitholders with 60 days' notice. As a result, the NAV of the Trust could potentially be more volatile, however, it is the Investment Managers' intention that the Trust, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Trust. However to the extent that derivatives are used for investment purposes, the overall risk of loss to the Trust may be increased. Please also see "Risk Factors" above.

The Trust's intention is to reduce investor risk, and meet its investment objective as set out in Appendix 1, through the use of derivatives. In pursuing their investment objectives, the Trust may make use of a variety of derivative instruments in accordance with the FCA Regulations.

7.1 A transaction in a derivative transaction must be:

7.1.1 in an approved derivative (i.e. one which is traded or dealt in on an eligible derivatives market (as set out in Appendix 4)) and effected on or under the rules of an eligible derivatives market; or

7.1.2 one which complies with the provisions in the FCA Regulations regarding "over-the-counter" (OTC) derivatives, which requires:

(a) that the counterparty to the transaction must be an eligible institution; or an approved bank; or a person whose permission (including any requirements or limitations), as published in the FCA register or whose home state authorisation, permits it to enter into the transaction as principal off exchange;

(b) that the transaction is on approved terms, the terms of the transaction are only approved if the Manager:

- (i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and
  - (ii) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- (c) that the transaction is capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- (i) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
  - (ii) if the value referred to in 7.1.2(c)(i) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
  - (ii) a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

## 8 Investment risk

8.1 Derivative transactions are permitted under the FCA Regulations provided that the underlying consists of any or all of the following to which the Trust is dedicated:

- (a) transferable securities;
- (b) permitted money market instruments;
- (c) permitted deposits;
- (d) permitted derivatives;
- (e) permitted collective investment scheme units;
- (f) financial indices;

- (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- 8.2 As set out above, a "look-through" approach exists which requires the FCA Regulations spread limits which apply to non-UCITS retail schemes as set out in this Prospectus to be complied with in relation to the underlying assets (unless the derivative relates to an index).
- 8.3 Derivative transactions must not cause the Trust to diverge from its Investment Objective and 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.
- 8.4 The use of derivatives must be supported by a risk management process maintained by the Manager which should take account of the investment objectives and policies of the Trust. A copy of this risk management process is available on request.
- 8.5 A derivative 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 Trust is or may be committed by another person is covered globally, i.e. if adequate cover from within the Scheme Property for the Trust is available to meet the Trust's total exposure, taking into account the value of the underlying assets, any reasonable foreseeable market movement, counterparty risk and the time available to liquidate any positions.
- 8.6 Cash not yet received into the Scheme Property, but due to be received within one month, is available as cover for the purposes of the preceding paragraph.
- 8.7 Property which is the subject of a stock lending transaction is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required;
- 8.8 The global exposure relating to derivatives held by the Trust may not exceed the NAV of its Scheme Property.
- 8.9 No agreement by or on behalf of the Trust to dispose of property or rights may be made unless:
- 8.9.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Trust by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
  - 8.9.2 the property and rights at 8.9.1 are owned by the Trust at the time of the agreement.
- 8.9.3 8.9.1 and 8.9.2 do not apply to:
- (a) a deposit; or

- (b) where:
    - (i) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
    - (ii) the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:
  - (c) cash;
    - (i) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
    - (ii) other highly liquid assets which are recognised considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 8.10 In the asset classes referred to in 8.9.3(b), assets may be considered as liquid where the instruments can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.
- 8.11 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property. The exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it provided the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - (d) can be fully enforced by the Trust at any time.
- 8.12 In applying the limits above OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- (a) comply with the conditions set out in Section 3 (Contractual netting Contracts for novation and other netting agreements) of Annex III to the Banking Consolidation Directive (Directive 2000/12/EC); and
  - (b) are based on legally binding agreements.
- 8.13 All derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- (a) it is backed by an appropriate performance guarantee; and

- (b) it is characterized by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 8.14 Where the Trust invests in derivatives, the exposure to the underlying assets must not exceed the spread limits set out above save that, subject to prudent spread of risk, where the Trust invests in an index based derivative (provided the relevant index's composition is sufficiently diversified, the index is a representative benchmark for the market to which it refers and is published in an appropriate manner) the underlying constituents of the index do not have to be taken into account for the purposes of complying with the above spread limits.

## 9 **General**

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 Trust.

Cash or near cash may be retained in the Scheme Property to enable the pursuit of the investment objective; or for redemption of units in the Trust; or efficient management of the Trust in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of the Trust.

## 10 **Stock Lending**

The Trust may not enter into stock lending transactions.

## 11 **Borrowing Powers**

The Trust may, subject to the FCA Regulations, borrow money from an eligible institution or an Approved Bank for the use of the Trust on the terms that the borrowing is to be repayable out of the Scheme Property.

The Manager must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.

These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions

## 12 **Leverage**

Transactions introducing leverage are generally undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates or involve receiving a premium for the writing of a covered call option or cash covered put option on the property of the Trust which the Trust is willing to buy or sell at the exercise price. The Trust may also borrow up to 10% of its net asset value; as a result of actively invested borrowing the fund would display leveraged characteristics.

The types and sources of leverage and risks the Trust may employ are as follows:

- (a) The Trust may borrow up to 10% of its net asset value from an Approved Bank, and



- (b) Through the use of derivatives. Any exposure by the Trust through the use of derivatives must be covered by cash or readily realisable assets held by the Trust. Restrictions on the use of derivatives are outlined in the Investment Objective and Policy in Appendix 1 and detailed in the Investment and Borrowing Powers in Appendix 2.

Please refer to the Risk Factors for details of the risks associated with these types of leverage.

The following restrictions apply to the use of leverage:

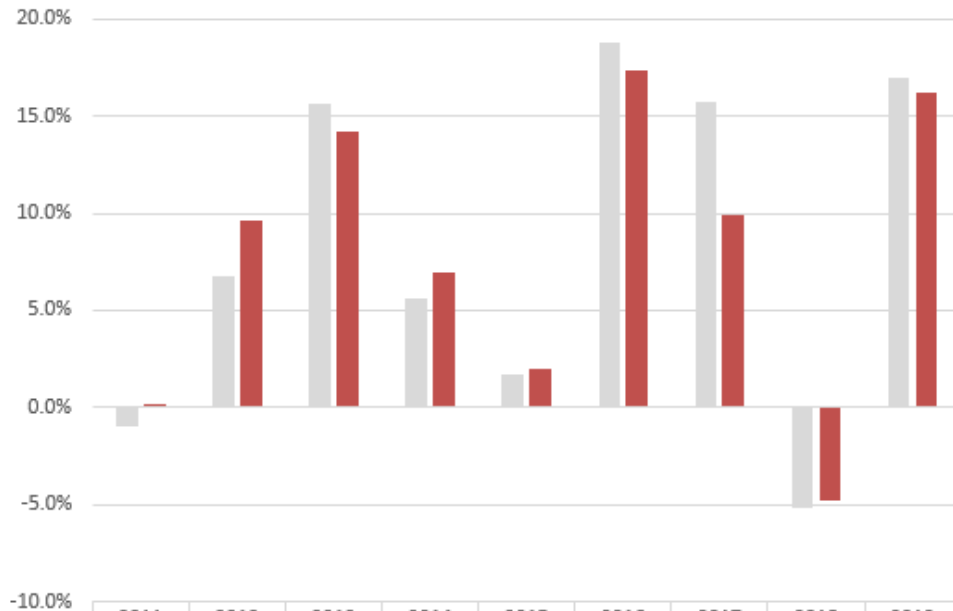
- (a) Leverage through Borrowing: The Trust may borrow from Eligible Institutions or Approved Banks only.
- (b) Leverage through the Use of Derivatives: Derivatives may be used for the purposes of Efficient Portfolio Management only. No current collateral or asset reuse arrangements are currently in place. Should the Trust enter into any contracts that require the use of collateral in future, collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the Manager before the Trust enters into any transactions which require it to hold collateral from a counterparty.

The maximum level of leverage the Trust may employ at any time is 100%.

## APPENDIX 3

### Historical Performance Data

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



	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ Fund	-1.0%	6.8%	15.6%	5.6%	1.7%	18.8%	15.7%	-5.2%	17.0%
■ MSCI PIMFA Balanced Index	0.2%	9.6%	14.2%	6.9%	2.0%	17.4%	9.9%	-4.8%	16.2%

Source: Fund - Ffundinfo 2020  
Benchmark - Morningstar

Past performance is not an indicator of future performance. Past performance does not include the effect of subscription and redemption fees.

**Note:** If you have any doubt whether the Trust is suitable for you, please contact a financial adviser.

## APPENDIX 4

### Eligible Securities Markets

The Trust may deal through securities markets established in EEA/EU States on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 20% in value of the Trust may be invested in transferable securities which are not approved securities.

The Trust may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 5.

<b>Australia</b>	Australian Securities Exchange
<b>Brazil</b>	BM&FBOVESPA S.A.
<b>Canada</b>	TSX Venture Exchange
<b>Chile</b>	Santiago Stock Exchange (Bolsa de Comercio de Santiago)
<b>China</b>	Shanghai Stock Exchange Shenzhen Stock Exchange
<b>Egypt</b>	Egyptian Exchange
<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Company
<b>India</b>	BSE Limited
<b>Indonesia</b>	Indonesia Stock Exchange
<b>Israel</b>	Tel Aviv Stock Exchange
<b>Japan</b>	Tokyo Financial Exchange Osaka Exchange
<b>Republic of Korea</b>	Korea Exchange
<b>Malaysia</b>	Bursa Malaysia
<b>Mexico</b>	Mexican Stock Exchange (Bolsa Mexicana de Valores)
<b>New Zealand</b>	New Zealand Exchange Ltd
<b>Peru</b>	Lima Stock Exchange (Bolsa de Valores de Lima)
<b>Philippines</b>	Philippine Stock Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Switzerland</b>	SIX Swiss Exchange

<b>Taiwan</b>	Taiwan Stock Exchange
<b>Thailand</b>	Stock Exchange of Thailand
<b>Turkey</b>	Borsa Istanbul
<b>United States</b>	New York Stock Exchange NASDAQ The OTC Market(s) in US securities, regulated by FINRA and SEC;

## APPENDIX 5

### Eligible Derivatives Markets

<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Company
<b>Japan</b>	Tokyo Financial Exchange Tokyo Stock Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Sweden</b>	NASDAQ OMX Stockholm
<b>Switzerland</b>	Eurex Zurich
<b>United Kingdom</b>	NYSE LIFFE Turquoise London Stock Exchange Group
<b>United States</b>	Chicago Board Options Exchange CME Group ICE Futures U.S. NASDAQ New York Stock Exchange NYSE Arca NYSE LIFFE US

## APPENDIX 6

### Directory

#### The Trust and Head Office

The Ourax Unit Trust  
45 Gresham Street  
London  
EC2V 7BG

#### Manager, Administrator and Registrar

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

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

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

#### Investment Manager

Rathbone Investment Management Limited  
Port of Liverpool Building  
Pier Head  
Liverpool  
L3 1NW

#### Trustee

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

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

**Auditors**

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

## APPENDIX 7

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

#### Name of Director

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

Paul Wyse (Non-Executive Director)

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

Sally Macdonald (Independent Non-Executive Director)

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



## APPENDIX 8

### Typical Investor Profile(s)

Below is an indication of the target market of the Trust 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 Trust please seek advice from your professional adviser.

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

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

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

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

## APPENDIX 9

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	GFS Investments Fund
S&W Langham Trust	Hercules Managed Funds
S&W Latham H Unit Trust	Moorgate Funds ICVC
S&W Magnum Trust	New Square Investment Funds
S&W Marathon Trust	New Square Investment Funds 2
S&W Thoroughbred Trust	Pendennis Fund ICVC
S&W Witch General Trust	Pityoulish Investments Fund
S&W Worldwide Fund	S&W Aubrey Capital Management
Smith & Williamson European Equity Fund	Investment Funds
SVS BambuBlack Asia Income & Growth Fund	S&W Deucalion Fund
Smith & Williamson Fixed Interest Fund	S&W Kennox Strategic Value Fund
Smith & Williamson North American Equity Fund	S&W Gryphon Investment Funds
Smith & Williamson 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
SVS True Potential Investments Fund	Stratford Place Fund
The Acorn Trust	SVS Brown Shipley Multi Asset Portfolio
The Alkerton Trust	SVS CH Special Mandates Fund
The Barro II Trust	SVS Cornelian Investment Funds
The Capital Balanced Fund	SVS Heritage Investment Fund
The Dream Trust	SVS True Potential Investments OEIC 1
The Endeavour II Fund	SVS True Potential Investments OEIC 2
The Enterprise Trust	SVS True Potential Investments OEIC 3
The Global Opportunities Fund	Sylvan Funds
The Ilex Fund	Taber Investments Fund
The Jetwave Trust	The Air Pilot Fund
The Lancaster Trust	The Aurinko Fund
The Millennium Fund	The Blu-Frog Investment Fund
The Plain Andrews Unit Trust	The Brighton Rock Fund
The Securities Fund	The Cheviot Fund
The Skye Trust	The Daisybelle Fund
Worldwide Growth Trust	The Dinky Fund
	The Dunninger Fund
	The Folla Fund
	The Galacum Fund
	The Gloucester Portfolio
	The Greylag Fund
	The Headspring Fund
	The Headway Fund
	The Jay Fund
	The Jake Fund

	<p>The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund</p>
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## APPENDIX 10

### Establishment of Collective Investment Schemes

Any second schemes in which the Trust may invest will be established in the locations listed below. This list is not restrictive and may be amended from time to time where the Trust invests in second schemes established in new locations.

#### **Any member state of the European Economic Area**

Australia

Bermuda

Canada

Cayman Islands

Channel Islands

Isle of Man

Japan

Singapore

Switzerland

United States