

# THE SVS LEVITAS FUNDS

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## PROSPECTUS

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(An investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000936)

**This document is the Prospectus of THE SVS LEVITAS FUNDS and is dated and valid as at 22 December 2022 and replaces any previous prospectuses issued by the Company.**

**It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL), which forms part of the FCA Handbook, and complies with the requirements of COLL 4.2.5R.**

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

## THE SVS LEVITAS FUNDS

***If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000.***

***The ACD of the Company, Evelyn Partners Fund Solutions Limited, (the "ACD") has taken all reasonable care to ensure that the information contained in this document is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything material to such information. The ACD accepts responsibility accordingly.***

***The Depositary is not a person responsible for the information contained in this Prospectus and, accordingly does not accept any responsibility for it under the COLL Sourcebook or otherwise.***

***The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Any person wishing to apply for Shares should inform themselves as to the requirements within his own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.***

***The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Company in the United States or to US Persons may constitute a violation of US law. The Company and the ACD have not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.***

***The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.***

***In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the***

***ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.***

***This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.***

***Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.***

***Obligations have been imposed on financial sector professionals to prevent the use of funds such as The SVS Levitas Funds for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form (where applicable) of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.***

***Neither the ACD nor any of its officers, representatives or advisers, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.***

***No part of this Prospectus may, be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the ACD.***

#### **Data Protection**

***The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the ACD's agreement with each Shareholder. This may include the transfer of such data to other members of the ACD's group and to other businesses providing services to the ACD (including their offices outside the UK), where the transfer is necessary for the provision of services in relation to the ACD's role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the ACD will take steps to ensure that your privacy rights are respected.***

***Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of***

**such data for legitimate reasons. A copy of the ACD's Privacy Notice relating to investors is available at [www.evelyn.com](http://www.evelyn.com)**

### **Electronic Verification**

**The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, The Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate.**

**The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies.**

**The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes.**

**If you apply for Shares you are giving the ACD permission to ask for this information in line with Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.**

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## THE SVS LEVITAS FUND PROSPECTUS

### 1 INTRODUCTION

1.1 This document is the Prospectus of The SVS Levitas Funds (the Company).

1.2 In this Prospectus the following words and expressions shall have the following meanings:

**"Accumulation Shares"** Shares in the Funds as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules;

**"ACD"** the authorised corporate director holding office as such from time to time pursuant to the Rules, being Evelyn Partners Fund Solutions Limited and its successor or successors as authorised corporate director of the Company;

**"Administrator"** Evelyn Partners Fund Solutions Limited or such other entity as is appointed to act as administrator to the Company from time to time;

**"Act"** the Financial Services and Markets Act 2000;

**"Approved Bank"** (in relation to a bank account opened by the Company):

(a) if the account is opened at a branch in the UK:

(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 bank which is regulated in the Isle of Man or the Channel Islands; or

(c) a bank supervised by the South African Reserve Bank,

and a credit institution established in an EEA State and duly authorised by the relevant home state regulator.

as such definition may be updated in the glossary of definitions in the FCA Handbook from time to time;

**"Auditor"**

Johnston Carmichael LLP, or such other entity as is appointed to act as auditor of the Company from time to time;

**"Business Day"**

a day on which the London Stock Exchange is open for business;

**"CASS"**

the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time;

**"CCP"**

as defined in the FCA Glossary;

**"Class"**

a particular class of Shares in issue from time to time relating to a single Fund or in the Company;

**"COLL"**

the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook made under the Act (as may be amended, supplemented or replaced from time to time);

**"Data Protection Laws"**

means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:

- a) the UK GDPR
- b) the Data Protection Act 2018;
- c) any laws which implement any such laws;

- d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and
- e) all guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding);

**"Dealing Day"**

Monday to Friday inclusive except for Bank Holidays in England and Wales and other days at the ACD's discretion;

**"Depository"**

the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depository Services Limited, and its successor or successors as depository;

**"Directors"**

the director or directors of the Company for the time being (including the ACD) or, as the case may be, the directors assembled as a board (including any committee of such board) from time to time;

**"EEA State"**

a member state of the European Union and any other state which is within the European Economic Area;

**"Eligible Institution"**

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

**"Efficient Portfolio Management" or "EPM"**

techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

they are economically appropriate in that they are realised in a cost effective way;

they are entered into for one or more of the following specific aims:



- (i) reduction of risk;
- (ii) reduction of cost;
- (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL;

**"ERISA Plan"**

(i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan's investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans);

**"EUWA"**

the European Union (Withdrawal) Act 2018;

**"FATCA"**

the Foreign Account Tax Compliance Act (US);

**"FCA"**

the Financial Conduct Authority or any successor body which may assume its regulatory responsibilities from time to time. The address for the FCA is set out in Appendix G;

**"FCA Glossary"**

the glossary given the meanings of the defined expressions used in the FCA Handbook from time to time;

**"FCA Handbook"**

the FCA's Handbook of rules and guidance, as amended from time to time;

**"FCA Rules"**

the rules from time to time contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL;

**"Financial Instruments"**

as defined in the FCA Handbook;

<b>"Fund" or "Funds"</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
<b>"Fund Accountant"</b>	the person who provides fund accounting services, being Evelyn Partners Fund Solutions Limited and its successor or successors as fund accountant;
<b>"Home State"</b>	as defined in the FCA Glossary;
<b>"Income Shares"</b>	the Shares in the Funds as may be in issue from time to time in respect of which income distributed periodically pursuant to the FCA Rules;
<b>"Instrument of Incorporation"</b>	the instrument of incorporation of the Company dated 30 March 2012, as amended from time to time;
<b>"Investment Manager"</b>	any investment manager retained by the ACD pursuant to the FCA Rules, including Brooks Macdonald Asset Management Limited and its successor as investment manager to the Company;
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>"Non-UCITS retail scheme"</b>	in accordance with the FCA Rules an authorised fund which is neither a UK UCITS nor a qualified investor scheme;
<b>"OECD"</b>	the Organisation for Economic Co-operation and Development;

<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) as amended from time to time;
<b>"OTC"</b>	over the counter;
<b>"pounds sterling"</b> and the sign " <b>£</b> "	pounds sterling of the UK;
<b>"Register"</b>	the register of Shareholders of the Company;
<b>"Registrar"</b>	the person who maintains the Register, being Evelyn Partners Fund Solutions Limited and its successor or successors as registrar;
<b>"Regulations"</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
<b>"Rules"</b>	the rules contained in the Handbook made by the FCA under the Act for the time being in force;
<b>"Scheme Property"</b>	the cash, securities or any other asset of the Company, or a Fund as the case may be, required under the COLL Sourcebook to be held for safekeeping by the Depositary;
<b>"SDRT"</b>	shall have the meaning ascribed to it by paragraph 27(iii);
<b>"Share" or "Shares"</b>	a share or shares in the Company (including larger denomination shares and fractions);
<b>"Shareholder"</b>	a registered holder of Shares in the Company;
<b>"Sponsor"</b>	Levitas Investment Management Services Limited, retained by the ACD to promote services in respect of the Company;
<b>"SYSC"</b>	the Senior Management Arrangements Systems and Controls Sourcebook issued by the FCA

pursuant to the Act, as amended or replaced from time to time;

**"switch"** the exchange of Shares of one Class or Fund for Shares of another Class or Fund;

**"UCITS"** an undertaking for collective investment in transferable securities. This will include a UK UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary;

**"UCITS Directive"** the European Parliament and Council Directive of 13 July 2009 (UCITS) (No. 2009/65/EC), as amended, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities;

**"UCITS Directive Regulations"** the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC) as it forms part of the law of England, Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) (including, without limitation, the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union);

**"UK" or " United Kingdom "** the United Kingdom of Great Britain and Northern Ireland;

**"UK AIF"** as defined in the FCA Glossary;

**"UK GDPR"** Regulation 2016/679 of the European Parliament and of the Council of 27<sup>th</sup> April 2016 on the protection of natural persons with regard to the processing of personal data and on the free

movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union;

**"UK UCITS"**

as defined in the FCA Handbook;

**"United States" or "US"**

the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

**"US Persons"**

a person as described in any of the following paragraphs:

1. With respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act. The Regulation S definition is set out below. Even if you are not considered a US Person under Regulation S, you can still be considered a "US Person" within the meaning of this Prospectus under Paragraphs 2, 3 and 4, below;
2. With respect to any person, any individual or entity that would be excluded from the definition of "Non-United States person" in Commodity Futures Trading Commission ("CFTC") Rule 4.7. The definition of "Non-United States person" is set out below;
3. With respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under US income tax laws; or
4. With respect to persons other than individuals, (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust

where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the authority to control all substantial decisions of the trust and (iii) an estate which is subject to US tax on its worldwide income from all sources;

### **Regulation S definition of US Person**

1. Pursuant to Regulation S of the 1933 Act, "US Person" means:
  - (i) any natural person resident in the United States;
  - (ii) any partnership or corporation organised or incorporated under the laws of the United States;
  - (iii) any estate of which any executor or administrator is a US person;
  - (iv) any trust of which any trustee is a US person;
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
  - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - (viii) any partnership or corporation if:

(A) organised or incorporated under the laws of any non-US jurisdiction; and

(B) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts;

2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "US Person";
3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a "US Person" if:
  - (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by non-US law;
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a "US Person" if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the

trust (and no settlor if the trust is revocable) is a US Person;

5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";
6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:
  - (i) the agency or branch operates for valid business reasons; and
  - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

The ACD may amend the definition of "US Person" without notice to Shareholders as necessary in order best to reflect then-current applicable US law and regulation. Contact your investment adviser for a list of persons or entities that are deemed to be "US Persons";

#### **"Non-United States persons" definition**



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

1. a natural person who is not a resident of the United States or an enclave of the US government, its agencies or instrumentalities;
2. a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;
3. an estate or trust, the income of which is not subject to US income tax regardless of source;
4. an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that shares of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
5. a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

**"Valuation Point"**

the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the

ACD carries out a valuation of the Scheme Property of the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed;

**"VAT"** Value added tax.

**"1933 Act"** the United States Securities Act of 1933 (as may be amended or re-enacted); and

**"1940 Act"** the United States Investment Company Act of 1940 (as may be amended or re-enacted).

1.3 Unless otherwise defined in paragraph 1.2 or elsewhere in this Prospectus, words or expressions defined in or for the purposes of the Act or the Rules shall bear the same meanings in this Prospectus.

## 2 **THE COMPANY**

2.1 The Company is an umbrella authorised investment company with variable capital for the purposes of the OEIC Regulations (please refer to paragraph 30.14).

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

2.3 The head office of the Company is at 45 Gresham Street, London, EC2V 7BG. This is the address in the UK for service on the Company of notices or other documents required or authorised to be served on it.

2.4 The Company was authorised by the Financial Services Authority pursuant to an authorisation order dated 30 March and was launched on 2 July 2012. The Company registration number is IC000936 and the FCA product reference number is 574490.

2.5 The Financial Services Authority was superseded by the Financial Conduct Authority and the Prudential Regulation Authority in 2013.

2.6 The base currency of the Company and each Fund is pounds sterling.

2.7 The minimum share capital of the Company is £1 (one pound sterling) and the maximum share capital is £100,000,000,000 (one hundred billion pounds sterling).

2.8 Historical performance figures for the Company are set out in Appendix D.

2.9 The Company has an unlimited duration and will continue until wound up in accordance with the Rules.

2.10 This Prospectus is intended to provide information about the Company to potential investors.

## 2.11 **WINDING UP OF THE COMPANY**

2.11.1 The Company must not be wound up under chapter 7.3 of COLL unless (a) effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the affairs of the Company and (b) a statement has been prepared, and delivered to, the FCA under COLL 7.3.5 R ("solvency statement") prior to satisfaction of the condition in (a).

2.11.2 Winding up of the Company, or terminating a Fund under COLL, is only permitted with the approval of the FCA if:

(a) effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the Company's affairs, or to alter the Company's Instrument of Incorporation and Prospectus to terminate the Fund are permitted; and

(b) a statement has been prepared and delivered to the FCA under COLL 7.3.5 and received by the FCA prior to satisfaction of the condition (a) under 2.11.1 above.

2.11.3 Subject to the foregoing, the Company will be wound up, or a Fund terminated under COLL:

(a) if an extraordinary resolution of Shareholders of the Company or the relevant Fund to that effect is passed; or

(b) when the fixed period (if any) for the duration of the Company, or a Fund by the Instrument of Incorporation has expired or any event has occurred, for which the Instrument of Incorporation provides that the Company is to be wound up, or a Fund is to be terminated; or

(c) on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company or termination of the relevant Fund;

(d) on the effective date of a duly approved scheme of arrangement which is to result in the Company, or a Fund, ceasing to hold any scheme property; or

(e) in the case of the Company that is an umbrella, on the date on which all of its Funds fall within 2.11.3(d) above or have otherwise ceased to hold scheme property notwithstanding the Company may have assets and liabilities that are not attributable to any relevant Fund.

- 2.11.4 If any of the events set out in 2.11.3 above occur, the FCA Rules concerning pricing and dealing and investment and borrowing powers will cease to apply.
- 2.11.5 The winding up of the Company or a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or the relevant Fund to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company or the relevant Fund the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders.
- 2.11.6 Shareholders will be notified of any proposal to wind up the Company. On commencement of such winding up the Company will cease to issue and cancel Shares and transfers of such Shares shall cease to be registered.
- 2.11.7 On completing the winding up of the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

### 3 THE STRUCTURE OF THE COMPANY

- 3.1 The Company is an umbrella scheme for the purposes of the OEIC Regulations. The Company is a UK UCITS scheme, being a category of authorised scheme for the purposes of COLL 1.2.1R.
- 3.2 Provision exists for an unlimited number of Funds and, at the date of this Prospectus, two Funds are available. The Funds are: (a) **SVS Levitas A Fund** with FCA product reference number 640554 and (b) **SVS Levitas B Fund** with FCA product reference number 640555. The details pertaining to the Funds are set out in Appendix A.
- 3.3 The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with investment objective and investment policy of that Fund.
- 3.4 The Funds' investment objectives set out in Appendix A and the permitted investments of the Funds are set out in Appendix B. The investment objectives and policy of each Fund are subject to the limits on investment under the FCA Rules and as set out in this Prospectus.
- 3.5 The profile of the typical investor for whom each Fund is designed is set out in Appendix A.
- 3.6 The Company is a collective investment scheme in which each investor's funds in a given Fund are pooled with all other investors' funds in that Fund. The ACD takes reasonable steps to ensure that each investment transaction carried out within a

Fund is suitable for a Fund, having regard to the investment objective and policy of the relevant Fund.

- 3.7 The Funds are segregated portfolios of assets and accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose. Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within the Funds charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.
- 3.8 While the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

### 3.9 **Marketing**

Shares in the Company may be marketed to the public in the UK. The Company will not be able to apply to the regulatory authorities in member states in the European Union to market Shares under the UCITS Directive in those states.

It is not intended that the Funds will be marketed outside of the UK.

## 4 **CHARACTERISTICS OF SHARES**

- 4.1 The Company may issue any kind of Share permitted by the FCA Rules.
- 4.2 The Instrument of Incorporation allows the following Shares to be issued:
- 4.2.1 Income Shares; and
  - 4.2.2 Accumulation Shares;
- 4.3 Each Fund may issue Income Shares and/or Accumulation Shares. Details of Share classes currently in issue for each Fund are detailed in Appendix A. Appendix A sets out minimum initial investment and subsequent minimum purchase and holding.
- 4.4 Income on Shares is allocated and distributed periodically to the relevant Shareholders (in the case of Income Shares) or credited periodically to capital (in the case of Accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company.
- 4.5 The Shares are not listed or dealt in on any Stock Exchange.

- 4.6 The prices of the Shares are expressed in the currency or currencies set out in Appendix A. The Company reserves the right to issue Shares expressed in a different currency from time to time.
- 4.7 Shares have no par value and, within each Class in each Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Fund.
- 4.8 Shares do not carry preferential or pre-emptive rights to acquire further Shares.
- 4.9 The rights attaching to the Shares of all Classes may be expressed in two denominations and in each of those Classes the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination share.
- 4.10 The rights attached to a Class of Shares in a Fund may be varied in accordance with the FCA Rules.
- 4.11 Names and addresses of Shareholders will be entered in the Register to evidence title to the Shares. Shareholders will not be issued with a certificate. Shareholders may, but need not support, an instruction to the ACD by enclosing the contract note or the most recent annual statement or copies of such documents.
- 4.12 Where the Company has different Classes of Shares, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Company will be adjusted accordingly.
- 4.13 All transactions in Shares are governed by the laws of England and Wales.

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

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

### **6. Buying Shares**

#### **6.1 Procedure**

- 6.1.1 Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the ACD's Transfer Agency Team at 206 St Vincent Street, Glasgow G2 5SG, or TADealing@Evelyn.com, having made a telegraphic transfer to the ACD's bank account. Application forms are available from the ACD.

- 6.1.2 The ACD will accept written instructions on receipt of a payment by telegraphic transfer on subsequent transactions which can be carried out by writing to the ACD's Transfer Agency at the address set out above. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 222 1150. Subsequent transactions will be processed as at the next Dealing Day. Where an instruction has been received by telephone, or where the ACD has, at its discretion, accepted an instruction prior to receiving settlement, settlement is due within four Business Days of the Valuation Point. Purchases made by telephone are subject to risk limits at the ACD's discretion, and the ACD may at its discretion reject or defer an instruction to purchase shares until it is in receipt of cleared funds for the purchase (when the purchase of shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.
- 6.1.3 Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.
- 6.1.4 The ACD, may at its sole discretion, accept instructions to purchase shares on the basis of an authority communicated by electronic means (which will include email) and sent by the Shareholder or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:
- (a) prior agreement between the ACD and the person making the communication as to:
  - (b) the electronic media by which such communications may be delivered; and
  - (c) how such communications will be identified as conveying the necessary authority; and
  - (d) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.
- 6.1.5 The ACD at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days since the receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant.

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

- 6.1.6 The ACD reserves the right to charge interest at 4% per annum above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point.
- 6.1.7 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition, the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.
- 6.1.8 Any subscription monies remaining after a whole number of shares have been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.
- 6.1.9 No interest payment will be made on client money held by the ACD, prior to investment in the Company. Client money will be held in a designated client money account with NatWest Group plc.
- 6.1.10 Shareholders have the right to cancel their transactions within 14 calendar days of receipt of their contract note. If a Shareholder cancels their contract, they will receive a refund of the amount that they invested including the initial charge either in full or less a deduction to reflect any fall in share price since the date of investment. This may result in a loss on the part of the Shareholder. If Shareholders wish to exercise their right to cancel they should write to the ACD's Transfer Agency at the address set out on Appendix F. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

## 6.2 Documentation the purchaser will receive

- 6.2.1 A contract note giving details of the shares purchased and the price used will be issued to the Shareholder (the first named, in the case of joint 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.
- 6.2.2 Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's register of



Shareholders. Tax vouchers in respect of half-yearly distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

### 6.3 Minimum subscriptions and holdings

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

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

### 6.4 In Specie Issue

6.4.1 If a Shareholder requests, the ACD may, at its discretion and subject to the approval of the Investment Manager and the Depositary, arrange for the Company to accept securities in settlement of a purchase of shares in the Company. The ACD and the Depositary will only do so where satisfied that the acceptance of the assets concerned would not be likely to result in any material prejudice to the interests of Shareholders.

## 7. **Selling Shares**

### 7.1 Procedure

7.1.1 Every Shareholder has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a Shareholder wishes to redeem will mean that the Shareholder will hold shares with a value less than the required minimum holding, in which case the Shareholder may be required to redeem his entire holding.

7.1.2 Requests to redeem shares may be made in writing to the ACD's Transfer Agency at the postal or e-mail address set out at Appendix F. The ACD may also, at its discretion and by prior agreement accept instructions to redeem shares from FCA regulated entities to the ACD by telephone on 0141 222 1150 or by fax.

7.1.3 Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training

purposes, please see paragraph "Telephone Recordings" below for further information.

7.1.4 The ACD, may at its sole discretion, accept instructions to redeem or transfer shares on the basis of an authority communicated by electronic means (which will include email) and sent by the Shareholder or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- (a) prior agreement between the ACD and the person making the communication as to:
  - (i) the electronic media by which such communications may be delivered; and
  - (ii) how such communications will be identified as conveying the necessary authority; and
- (b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

## 7.2 Documents the seller will receive

7.2.1 A contract note giving details of the number and price of shares sold will be sent to the selling Shareholder (the first named, in the case of joint Shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the next Business Day following the Valuation Point by reference to which the redemption price is determined. A cheque, BACS or telegraphic transfer will be made in satisfaction of the redemption monies within four Business Days of the later of:

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

## 7.3 Minimum Redemption

7.3.1 Part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares to be

redeemed is less than any minimum redemption amount set out in Appendix A or would result in a Shareholder holding less than the minimum holding, as detailed in Appendix A. In the latter case the Shareholder may be asked to redeem their entire shareholding.

#### 7.4 In Specie Redemption

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

7.4.2 Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the Shareholder that Scheme Property will be transferred to that Shareholder.

7.4.3 The ACD will select the property to be transferred (or sold) in consultation with the Depositary and the Investment Manager. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

#### 7.5 Direct Issue or Cancellation of shares by the ICVC through the ACD

7.5.1 The ACD may require, on agreement with the Depositary, or may permit, on the request of a Shareholder, direct issues and cancellations of shares by the Company.

#### 7.6 Share Class Conversions

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

- 7.6.2 The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the Valuation Point applicable at the time the Old Class Shares are converted to New Class Shares.
- 7.6.3 Share Class Conversions may be effected in writing to the Transfer Agency Team (which, in the case of joint shareholders must be signed by all the joint holders). A converting Shareholder must be eligible to hold the shares into which the Share Class Conversion is to be made. It is the ACD's intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may accept requests to convert shares by electronic communication. Electronic communication includes email.
- 7.6.4 If the Share Class Conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Class Shares to New Class Shares or refuse to effect any Share Class Conversion of the Old Shares.
- 7.6.5 Please note that, under current tax law, a Share Class Conversion of shares between different share classes will not be deemed to be a realisation for the purposes of capital gains taxation.
- 7.6.6 A shareholder who converts their shares in one share class to shares in a different share class will not be given a right by law to withdraw from or cancel the transaction.
- 7.7 Publication of Share Prices
- 7.7.1 Shareholders can obtain the price of their shares on [www.trustnet.com](http://www.trustnet.com) or by telephoning 0141 222 1151.
- 7.7.2 For reasons beyond the control of the ACD, these may not necessarily be the current prices.

## **8. Mandatory Transfers, Redemptions and Conversions of Shares**

- 8.1 If it comes to the notice of the ACD that any Shares ("Affected Shares") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder or Shareholders in question is/are not qualified and entitled to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the Affected Shares requiring either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the OEIC Regulations and the FCA Rules. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Affected Shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the Affected Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the Affected Shares pursuant to the OEIC Regulations and the FCA Rules.
- 8.2 A person who becomes aware that he has acquired or is holding Affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such Affected Shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his Affected Shares to a person qualified to own them or give a request in writing or procure that such a request for the redemption or cancellation of all his Affected Shares pursuant to the OEIC Regulations and the FCA Rules.
- 8.3 Where the ACD considers it is in the best interest of Shareholders, the ACD may convert/transfer a Shareholder's holding in one class of Shares to another class of Shares in the same Fund. The ACD shall give at least 60 days prior written notice to the Shareholders concerned of the proposed conversion/transfer, including details of the new class of Shares and reminding Shareholders of their rights to redeem.

## **9. Suspension of Dealing**

- 9.1 The ACD may if the Depositary agrees, or shall if the Depositary so requires, at any time, temporarily suspend the issue, cancellation, sale and redemption of Shares if the ACD or Depositary (in the case of any requirement by the Depositary), believes that, due to exceptional circumstances, it is in the interests of Shareholders or potential Shareholders. On suspension, the ACD or the Depositary if the Depositary has required the ACD to suspend dealing, must immediately inform the FCA of the suspension, stating the reasons for its action.

- 9.2 The ACD and Depositary must review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue for so long as it is justified having regard to the interest of the Shareholders.
- 9.3 The ACD must ensure that a notification of the suspension is made to the Shareholders as soon as practicable after the suspension commences. On notification to Shareholders the ACD must ensure that Shareholders' attention is drawn to the exceptional circumstances resulting in the suspension and ensure that notification is clear, fair and not misleading. Shareholders will be kept informed about the suspension and, if possible, advised of its duration (if known) by written updates by the ACD.
- 9.4 The ACD must inform the FCA of the proposed re-start of dealings and immediately after the re-start, must confirm this by giving notice to the FCA.
- 9.5 The ACD may agree, during the suspension, to deal in Shares, in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first Valuation Point after restart of dealings in Shares.
- 9.6 Re-calculation of prices will commence on the Business Day immediately following the end of the suspension, at the relevant Valuation Point.

## 10. **The ACD's right to refuse applications**

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

## 11. **Income equalisation**

When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant Share of accrued income in the net asset value of the Company.

The first allocation of income in respect of that Share refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the issue price of Shares of the type in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.

### *Grouping for equalisation*

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in section 6 below. If there are no interim accounting periods the periods for grouping of Shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

## 12. **Switching**

A Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("Original Shares") for Shares of another Class or Fund (the "New Shares"), subject to the restrictions defined in this prospectus. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

A request to switch may be made in writing to the dealing office of the ACD. The Shareholder will be required to provide written instructions to the Registrar or their client adviser, as appropriate (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before switching is effected. Switching forms may be obtained from the Registrar or the client's client adviser.

The ACD may at its discretion charge a fee on the switching of Shares between Funds although it has no current plans to do so.

If the switch were to result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any switch of the Original Shares. No switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the Valuation Point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that dealing day, or at such other date as may be approved by the ACD. Switching requests received after a Valuation Point will be held over until the next day that is a Dealing Day in the relevant Fund or Funds.

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

**Please note, for persons subject to UK taxation, that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, be a realisation for the purposes of capital gains taxation.**

**A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from, or cancel the transaction.**

13. **Market Timing**

The ACD may refuse to accept a new subscription in the Company or a switch from another Fund if, in the opinion of the ACD, it has reasonable grounds for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the Shareholder has been engaged, or intends to engage, in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Shares generally to take advantage of variation in the price of Shares between the daily Valuation Points in the Company. Short term trading of this nature may often be detrimental to longer term Shareholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

14. **Electronic Communications**

The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- i) Prior agreement between the ACD and the person making the communication as to:
  - (1) the electronic media by which such communications may be delivered; and
  - (2) how such communications will be identified as conveying the necessary authority; and
- ii) Assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

15. **Client Money Rules**

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



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

The ACD will not be liable for any acts or omissions of the Approved Bank. The Approved Bank will be responsible for any acts or omissions within its control.

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

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

## 16. **REPORTING, DISTRIBUTIONS AND ACCOUNTING DATES**

16.1 The accounting reference date, accounting periods and income allocation dates for each Fund are set out in Appendix A.

16.2 Income will be allocated for each of the Funds on the relevant income allocation dates as set out in Appendix A.

16.3 Distributions of income for the Company are made on or before the annual income allocation date.

16.4 Copies of the Company's annual long reports will be published within four months after the end of the annual accounting period and within two months after the end of the interim accounting period respectively.

16.5 These reports will be made available (free of charge) on request to the ACD, or shall be available (also free of charge) for inspection by the public during normal working hours at the ACD's place of business. The address, for the ACD's place of business, is set out in Appendix F.

### 16.6 **Payment of Distributions**

#### 16.6.1

16.6.1.1 The income available for distribution is determined in accordance with COLL. It comprises all income received or receivable for the account of the Company in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the ACD considers appropriate, after consulting with the Company's auditors,

in accordance with COLL, in relation to taxation and other matters.

- 16.6.1.2 Each holder of Income Shares is entitled, on the interim income allocation date and the annual income allocation date, to the net income attributable to his holding.
- 16.6.1.3 Net income on Accumulation Shares is not distributed but is accumulated, being automatically reinvested after the annual accounting reference date and half yearly accounting dates to increase the value of each Share.
- 16.6.1.4 The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.
- 16.6.1.5 On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation, is either paid, reinvested or accumulated to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the Shareholder's nominated bank account. If the income allocation date is not a Business Day, payment will be made on the next Business Day.
- 16.6.1.6 Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the Company.

## 17. **MEETINGS AND VOTING RIGHTS**

- 17.1 The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.
- 17.2 A meeting of Shareholders duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.
- 17.3 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a class meeting, of Shareholders.

- 17.4 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast at a general meeting of the Shareholders.
- 17.5 A meeting of Shareholders has no powers other than those contemplated by the Rules.
- 17.6 Shareholders must receive at least 14 days' notice of any meeting of Shareholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy.
- 17.7 The quorum at a meeting of Shareholders shall be two Shareholders present in person or by proxy.
- 17.8 At any meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote.
- 17.9 On a poll, every Shareholder who is present in person or by proxy shall have one vote for every Share in the Company. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 17.10 In the context of despatch of notice, "Shareholders" means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.
- 17.11 In the context of voting, "Shareholders" means the persons who were entered on the Register seven days before the notice of meeting was given but excluding any persons who are known not to be entered on the Register at the date of the meeting.
- 17.12 The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of, or jointly with, a person who, if himself the sole registered Shareholder would be entitled to vote, and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if he had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.
- 17.13 Any notice or document to be served upon a Shareholder will be duly served if it is:

- i. delivered to the Shareholder's address as appearing in the Register; or
  - ii. delivered by using an electronic medium in accordance with paragraph 14.
- 17.14 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it was posted.
- 17.15 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.
- 17.16 Any document or notice to be served on, or information to be given to a Shareholder, must be in legible form. For this purpose, any form of legible form which:
- i. is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - ii. is capable of being provided in hard copy by the ACD;
  - iii. enables the recipient to know or record the time of receipt; and
  - iv. is reasonable in the context.
- 17.17 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:
- 17.17.1 changes the purpose or nature of the Company;
  - 17.17.2 may materially prejudice a Shareholder;
  - 17.17.3 alters the risk profile of the Company; or
  - 17.17.4 introduces a new type of payment out of the Company property.
- 17.18 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:
- 17.18.1 affects a Shareholder's ability to exercise his rights in relation to his investment;
  - 17.18.2 would reasonably be expected to cause the Shareholder to reconsider his participation in the Company;
  - 17.18.3 results in any increased payments out of the Company property to the ACD, or an associate of the ACD; or

- 17.18.4 materially increase other types of payment out of the Company property;
- 17.18.5 the notice period must be a reasonable length and must not be less than 60 days.
- 17.18.6 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Company.

## 18. **THE ACD**

- 18.1 The ACD 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 ACD was incorporated on 30 July 1985 (Registered Company No 1934644). The ACD, for the purposes of COLL, is an authorised fund manager.
- 18.2 The registered and head office of the ACD is at 45 Gresham Street, London, EC2V 7BG. This is the address at which notices or other documents may be served on the Company. The amount of the ACD's issued and fully paid share capital is £50,000.
- 18.3 The Directors\* of the ACD are as follows:
  - 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 which are of significance to the Company's business, other than those connected with the business of the ACD.

- 18.4 The ACD is authorised and regulated by the Financial Conduct Authority and is authorised to carry on certain permitted regulated activities in the UK in accordance with the Act.
- 18.5 The ACD is the sole director of the Company and its duties and obligations are governed by the terms of the agreement dated 25 January 2022 between the Company and the ACD ("the ACD Agreement"). The ACD Agreement provides that the ACD manage and administer the Company in accordance with the Act and the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.
- 18.6 The ACD Agreement may be terminated by either party on not less than 90 days' written notice. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD other than the matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Copies of the ACD Agreement can be provided to Shareholders on request.
- 18.7 The ACD may also act as an authorised unit trust manager or authorised corporate director to other funds and companies. As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds as set out in Appendix E.
- 18.8 The ACD has delegated the following functions:
- 18.8.1 investment management to Brooks Macdonald Asset Management Limited.
- 18.9 Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued or cancelled by the Company. When carrying out deals in Shares the ACD acts as principal but does not profit from this activity.

## 19. **THE DEPOSITARY**

- 19.1 The Depositary of the Company is NatWest Trustee and Depositary Services Limited. The Depositary is a private limited company and was incorporated in England and Wales on 8 February 2018 with company number 11194605. The Depositary's head office and registered office is at 250 Bishopsgate, London EC2M 4AA. The address of the Depositary's office in Edinburgh concerned with matters relating to the Company is set out in Appendix F.

19.2 The principal business activity of the Depositary is the provision of trustee and depositary services. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated with limited liability in Scotland.

19.3 The Depositary is established in the UK and is authorised and regulated by the Financial Conduct Authority to act as a Depositary of a UK UCITS and/or a UK AIF.

#### 19.4 **Terms of Appointment**

19.4.1 The Depositary was appointed under a Depositary Agreement between the Company, the ACD and the Depositary (the "Depositary Agreement").

19.4.2 The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the property of the Company and to fulfil other duties required in the OEIC Regulations and COLL (as amended from time to time). Under the Depositary Agreement, the Depositary has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation (please refer to the below paragraphs).

19.4.3 Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

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

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

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

19.4.7 The Depositary Agreement provides that the Company will indemnify the Depositary 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.

19.4.8 The Depositary Agreement may be terminated on 6 months' notice by the Company or the Depositary or earlier on certain breaches or the

insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

19.4.9 Other than to exercise the rights of lien/set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement, unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian shall be authorised by the Depositary to re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.

19.4.10 Details of the fees payable to the Depositary are given in paragraph 25.7.

## 19.5 **Duties of the Depositary**

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

## 19.6 **Conflicts of interest**

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

19.6.2 It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the 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 Shareholders collectively so far as practicable, having regard to its obligations to other clients.

19.6.3 As the Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian,



the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

- 19.6.4 Borrowing, on behalf of the Company, may be made from the Depositary or an associate of it at a normal commercial interest rate. Please refer to paragraph 2 Appendix B for information on permitted borrowing in relation to the Company.

## 19.7 **Delegation of Safekeeping Functions**

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

- 19.7.2 The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon London Branch (BNYM LB) (the "Custodian"). The Custodian is regulated by the Financial Conduct Authority and is authorised to carry on regulated activities in the UK. The Custodian's address is set out in Appendix F.

- 19.7.3 The Custodian has, in turn, delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is available from the ACD on request.

## 19.8 **Updated Information**

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

## 20. **THE ADMINISTRATOR and FUND ACCOUNTANT**

- 20.1 The ACD has not delegated the role of the Administrator and fund accountancy service for the Company.

## 21. **THE REGISTER**

- 21.1 The ACD has not delegated the function of maintaining the Register.
- 21.2 The Register can be inspected at the ACD's office located at 206 St Vincent Street, Glasgow, G2 5SG.

## 22. **THE INVESTMENT MANAGER**

- 22.1 The ACD is responsible for the overall investment management and administration of the Company.

- 22.2 The ACD has delegated its day-to-day responsibility for investment management of each Fund to the Investment Manager identified in Appendix A in respect of the relevant Fund in this Appendix.
- 22.3 The Investment Manager is authorised and regulated by the FCA, with FCA registered numbers as set out in Appendix A.
- 22.4 The Investment Manager has been appointed under an agreement with the ACD (the "Investment Management Agreement").
- 22.5 The Investment Manager has full discretionary powers over the investment of the property of the Company comprised in the Fund to which the respective Investment Management Agreement relates, in each case subject to the overall responsibility and right of veto of the ACD.
- 22.6 Unless otherwise specified in Appendix A, the Investment Management Agreement may be terminated on six months' written notice by the ACD or the Investment Manager, or immediately on written notice by the ACD (where it is in the interests of the Shareholders).
- 22.7 The fee payable to the Investment Manager is payable by the ACD out of its own fee income.
- 22.8 Unless otherwise specified in Appendix A, the sole activity of the Investment Manager is investment management and related activities. The Investment Manager is authorised to deal on behalf of the Fund that the Investment Manager has been appointed to manage.
- 22.9 The Investment Manager is required to comply with its own execution policy. A copy of the Investment Manager's execution policy is available on request from the ACD, or may be available from the Investment Manager's website (listed in Appendix F).

## 23. **SPONSOR**

- 23.1 The ACD has, under a sponsorship agreement ("the Sponsorship Agreement") engaged the Sponsor to carry out the following functions:
- 23.1.1 developing and helping to implement the strategic direction of the Company;
  - 23.1.2 developing the sales and marketing strategy of the Company, including developing promotional material for the Company;
  - 23.1.3 on-going monitoring and review of the Company's relationships with third party service providers for the benefit of the Company's Shareholders;

23.1.4 monitoring and reviewing the performance of the Company and its third party service providers against any agreed performance or strategic benchmarks;

23.1.5 providing training and development services to both the ACD's and the Investment Manager's distribution networks including the production and preparation of educational materials in respect of the Company.

23.2 The Sponsor will be remunerated by the ACD.

## 24. **AUDITORS**

24.1 The Auditors of the Company are Johnston Carmichael LLP whose address is set out in Appendix F.

## 25. **CHARGES AND EXPENSES**

### 25.1 **Dealing charges**

25.1.1 Details of the preliminary charges, redemption charges and switching charges (if applicable) for each Fund are set out in Appendix A.

25.1.2 The ACD will give Shareholders at least 60 days' notice of any material increases in fees.

### 25.2 **Preliminary charge**

The ACD may receive, or waive in part or in whole, a preliminary charge upon the issue or sale of Shares. The current preliminary charge is set out in Appendix A in respect of all Classes of Shares. If not waived, the preliminary charge will be charged upon the issue or sale of Shares.

### 25.3 **Periodic charge**

The ACD receives a periodic charge for managing the Company based upon the value of the property of the Company accruing on a daily basis in arrears by reference to the value of the property of the Company on the previous Dealing Day. The amount due for each month is required to be paid as soon as practicable after the month-end. The current rate of the periodic charge is set out in Appendix A and is the same in respect of all Classes of Shares. The ACD is responsible for the payment of the fees of the Investment Manager and those of any sub-advisers. Research costs will be paid for by the Investment Manager out of this fee and shall not be borne by the Company.

Any increase of the preliminary or periodic charge may be made by the ACD only after giving 60 days' written notice to the Shareholders (in the case of the periodic charge) or to the Depositary and any regular savers (in the case of the preliminary charge).

### 25.4 **Dilution levy**

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Share price. For example, due to dealing charges or through dealing at prices other than the mid-market price.

Under certain circumstances (for example, large volumes of deals), this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect ('dilution'), the ACD has the power to charge a 'dilution levy' on the sale and/or redemption of Shares.

The ACD currently intends to charge a dilution levy in respect of 'large deals' (which, for these purposes are deals in respect of Shares exceeding 2% in value of a Fund and reserves the right to charge a dilution levy based on prevailing market conditions. If the ACD charges a dilution levy it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged where the Scheme Property is in continual decline or in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy. If a dilution levy is not charged in such circumstances, this may have an adverse effect on the future growth of the Scheme Property.

It is not possible to predict accurately whether dilution will occur at any point in time. The ACD estimates (based on historical data) that a dilution levy may be charged on about 1% of deals.

The amount of the dilution levy will not exceed 3% of the value of the transaction before the imposition of the levy. This figure is based on the ACD's projections of the likely impact of deals to which the dilution levy is applied on remaining Shareholders.

## 25.5 **Redemption charge**

The ACD Agreement contains a provision for the ACD to make a redemption charge but at present, there are no plans to impose such a charge.

The ACD must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the ACD:

- (a) gave notice in writing of that introduction or change and of the date of its commencement, to the Depositary and to all the persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of Shares at regular intervals; and

- (b) has revised the prospectus to reflect the introduction or change and the date of its commencement and has made the revised prospectus available.

## 25.6 **Charges on Switching**

On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching.

The charge will not exceed an amount equal to the then prevailing preliminary charge for the New Shares. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing preliminary charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD. An SDRT provision may also be levied on the redemption of the Original Shares.

The ACD does not currently charge a switching fee.

## 25.7 **Depositary's Fees**

### 25.7.1 **Periodic fee**

The Depositary is paid a monthly periodic fee (plus VAT) from the property of the Company in remuneration for its services.

The Depositary's fee is calculated on the value of the property of each Fund in accordance with the Depositary Agreement and the FCA Rules, and payable out of the Fund in accordance with the FCA Rules. For this purpose, the value of the Fund is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point.

The Depositary's fee shall accrue daily, and shall be calculated by reference to the value of the Fund at the Valuation Point on the last Business Day and shall end immediately before the next Valuation Point in each month. The Depositary's fee is payable on, or as soon as practicable after, the end of the month in which it accrued.

The current fees payable are:

0.02% per annum	on Scheme Property below £100,000,000; then
0.018% per annum	on Scheme Property between £100,000,000 and £300,000,000; then
0.015% per annum	on Scheme Property between £300,000,000 and £500,000,000; then
0.01% per annum	on Scheme Property above £500,000,000.

The annual fee is always subject to a minimum fee of £6,000, applicable to each Fund. VAT (at the standard rate) is added to these fees.

#### 24.7.2 **Transaction and Custody Charges**

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

Item	Range / Fees
Transaction Charges	£5.00 to £87.53
Custody Charges*	The current remuneration ranges from between 0.003% per annum to 0.50%* per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Sub-funds are held.

\*With the exception of:

- USA (Physical Securities) - £14 per line per calendar month.
- Not in Bank / Not in Custody Assets - £65 per line per calendar month.

Transaction charges accrue at the time the transactions are effected and are payable monthly in arrears. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

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

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

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

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

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

## 25.8 **Administration, Registration and Valuation Fees**

The administration of the Company will be carried out by Evelyn Partners Fund Solutions Limited who also act as Registrar.

The Administrator's registration fees will be paid out of the property of the relevant Fund, as will the disbursements listed in the Other Expenses section below. The current registration fee is £10 per Shareholder per annum and £10 per transaction. The charges and expenses associated with the setting up of such transactions will be paid out of the property of the relevant Fund. Any on-going charges and expenses reasonably and properly incurred in respect of the processing and implementation of electronic transfers for a Fund will also be payable out of the property of the relevant Fund.

Registration fees are calculated and accrued daily and charged to the Company on a monthly basis.

## 25.9 **Other Expenses**

The following other expenses may be paid out of the Scheme Property of the Company:

- (i) broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other costs or disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (ii) expenses properly incurred by the ACD in the performance of its duties as authorised corporate director of the Company, including without limitation, the costs of preparation and distribution of reports, accounts, and any prospectuses, key investor information documents or equivalent documents, (in the case of the key investor information documents or equivalent documents, only preparation and not distribution may be charged), the Instrument of Incorporation and any costs incurred as a result of changes to any prospectus or Instrument of Incorporation, key investor information documents, or periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Company;
- (iii) any costs incurred by the Company in publishing the price of the Shares;
- (iv) any costs incurred in producing and despatching any payments made by the

Company, or the periodic reports of the Company;

- (v) any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;
- (vi) any costs incurred in establishing or maintaining any services or facilities for electronic dealing in Shares;
- (vii) any fees, expenses or disbursements of any legal or other professional adviser of the Company or of the ACD in relation to the Company;
- (viii) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (ix) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- (x) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (xi) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in COLL;
- (xii) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (xiii) taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- (xiv) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (xv) the fees of the FCA as prescribed in the FEES Manual of the FCA's Handbook together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Fund are or may be marketed;
- (xvi) the total amount of any cost relating to the application for authorisation and incorporation of the Fund and of its initial offer or issue of Shares;
- (xvii) any payments otherwise due by virtue of COLL; and
- (xviii) any value added or similar tax relating to any charge or expense set out herein.

#### 25.10 **Allocation of Charges**

Fees and expenses payable are allocated between capital and income in accordance



with the Regulations.

Where fees and/or expenses are deducted in the first instance from income, if, and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT as described in paragraph 27(iii)).

The ACD and the Depositary have agreed that normally the fees payable to the ACD and the Depositary will be paid from the income of each Fund (except those charges and expenses relating directly to the purchase and sale of investments).

**Where there is insufficient income some or all of the charges may be charged to capital. It should be noted that this policy may result in capital erosion or constrain capital growth.**

#### 25.11 Allocation between Funds

Each of the charges described above are applicable to each Fund. All charges and expenses are charged to the Fund in respect of which they were incurred. Any charges and expenses not attributable to any Fund will normally be allocated by the ACD to all Funds pro rata to the value of the property of each Fund, although the ACD has a discretion to allocate such charges and expenses in a different manner which it considers fair to Shareholders generally.

#### 26. VALUATION OF SCHEME PROPERTY AND PRICING

26.1 Each Fund will be valued on a daily basis on each Business Day at 12 noon (the '**Valuation Point**') for the purpose of determining the price at which Shares in the Company may be purchased or redeemed.

26.2 There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point.

26.3 The Shares will be priced in pounds sterling.

26.4 Each Fund will be valued on a net asset value basis to determine the price of the Shares ('NAV price'). Except in circumstances where the application of a dilution levy applies Shares will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Fund (see "**Charges and Expenses**").

26.5 Out of the preliminary charge, the ACD may pay commission to qualifying intermediaries, including the Investment Manager and its associates

26.6 The net asset value of the property of each Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions which are set out in the Instrument of Incorporation.

26.7 All the property of each Fund (including receivables) is to be included when valuing the Company, subject to the following provisions:

26.7.1 property which is not cash (or other assets dealt with in paragraphs 15.7.2 and 15.7.3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

- (a) units or shares in a collective investment scheme:
- (b) if a single price for buying and selling units or shares is quoted, at that price; or
- (c) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by a preliminary charge included therein and the selling price has been increased by an exit or redemption charge attributable thereto; or
- (d) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

26.7.2 exchange-traded derivative contracts:

- (a) If a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
- (b) If separate buying and selling prices are quoted, at the average of the two prices;

26.7.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

26.7.4 any other investment:

- (a) if a single price for buying and selling the security is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and

26.7.5 property other than that described in 15.7.1, 15.7.2, 15.7.3 and 15.7.4 above shall be valued at an amount which, in the opinion of the ACD, represents a fair and reasonable mid-market price;

26.7.6 cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;

- 26.7.7 in determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken;
- 26.7.8 subject to paragraphs 15.7.9 and 15.7.10 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount;
- 26.7.9 futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 15.7.8;
- 26.7.10 all agreements are to be included under paragraph 26.7.8 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement;
- 26.7.11 deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income (where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and stamp duty reserve tax;
- 26.7.12 deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day;
- 26.7.13 deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;
- 26.7.14 add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;
- 26.7.15 add any other credits or amounts due to be paid into the Scheme Property;

26.7.16 add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received; and

26.7.17 currencies or values in currencies other than base currency or (as the case may be) the designated currency of the Fund 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 Shareholders or potential Shareholders.

## 26.8 **Pricing Basis**

The ACD currently elects to deal on a forward basis.

## 27. **TAXATION**

### **General**

**The following summary is based on current UK law and HM Revenue & Customs practice. It is intended to offer guidance to persons (other than dealers in securities) on the UK taxation of Investment Companies with Variable Capital ("ICVC"). However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. 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.**

### **Taxation of the Funds**

The Company is an ICVC and each Fund is treated as a separate fund and an Authorised Investment Fund for tax purposes.

Each Fund will make dividend distributions except where the Fund invests more than 60% of its market value in "Qualifying Investments" (at all times in each accounting period), in which case it can elect to pay interest distributions. The term "Qualifying Investments" includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. A fund that makes interest distributions is referred to as a Bond Fund and a fund that makes dividend distributions is referred to as an Equity Fund.

#### **(i) Income**

Each Fund is liable to corporation tax on its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax, currently 20%.

Where the Fund is a Bond Fund, the gross amount of any interest distributions is an allowable expense for corporation tax purposes and no tax will actually be paid on that part of the income funding the interest distributions.

Dividend income received by each Fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. The foreign tax suffered by a Fund may normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

## **(ii) Chargeable gains**

Capital gains realised by each Fund on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that a Fund should be considered to be trading in securities for tax purposes, any gains made by it would be treated as income and taxed accordingly.

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

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

However it should be noted that in the unlikely event of either of (i) third party transfer of shares or (ii) non-pro rata in specie redemptions, occurring within the Sub-fund, SDRT may still be triggered and where applicable be charged to the investor.

## **Taxation of Shareholders**

### **(i) Income**

For tax purposes, an ICVC is treated as distributing the whole of the income available for distribution in each of its distribution periods, whether actually distributed or accumulated by the fund. Distributions may be made as interest distributions or dividend distributions as set out below.

The distribution accounts of the Company for any of its distribution periods may show income available for distribution as either (a) an interest distribution or (b) a dividend distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the relevant Fund.

Where more than 60% of a Fund is invested in "qualifying investments" (broadly speaking interest paying investments) the Company will make an interest distribution. Where this is not the case, distributions made by the Fund will be dividend distributions

All Shareholders will be sent tax vouchers stating the make-up of their distributions and showing their taxable income.

### **(a) Interest distributions**

#### UK resident individuals

Interest distributions paid by the Company (save in respect of distributions to certain qualifying Shareholders) are treated as yearly interest and, as such, are subject to income tax.

No income tax is required to be deducted at source from interest distributions, with the result that Shareholders will receive interest distributions gross of any tax.

Basic rate taxpayers are entitled to a personal savings allowance of £1,000. Higher rate taxpayers are entitled to a reduced personal savings allowance of £500 and additional rate taxpayers to no allowance.

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate of 20%, the higher rate of 40% or the additional rate of 45% (as applicable).

#### UK corporate Shareholders

If a Fund at any point in an accounting period of a UK corporate Shareholder fails to satisfy the "qualifying investment" test, Shares held by UK corporate Shareholders in respect of such Fund are treated as if they were a holding of rights under a creditor loan relationship of the corporate Shareholder, with the result that all returns on the Shares in respect of such a corporate's accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

A Fund will fail to satisfy the "qualifying investments" test at any time when more than 60% of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

Interest distributions paid to corporate Shareholders may be paid without deduction of income tax at source.

### **(b) Dividend distributions**

Dividend distributions paid by the Company are treated as if they are dividends.

#### UK resident individuals

Dividend distributions are taxed at the following rates:

- 0% for the first £2,000;
- 7.5% for dividends falling within the basic rate band;
- 32.5% for dividends falling within the higher rate band; and
- 38.1% for dividends falling within the additional rate band.

#### UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax certificate. The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of UK corporate Shareholders although the franked dividend portion should fall within an exemption from corporation tax.

#### **(ii) Chargeable gains**

##### UK resident individuals

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including a redemption of Shares in the Company. A switch of Funds is treated as a disposal for capital gains tax purposes. Gains will be tax-free if after deduction of allowable losses they fall within an individual's annual capital gains exemption. For the tax year 2021/2022, the annual exemption is £12,300.

Gains in excess of the annual exemption amount are taxed at 10% to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band (£37,700 for 2021/2022) and at 20% to the extent that they exceed that limit.

##### UK corporate Shareholders

UK corporate Shareholders (whose Shares are not treated as creditor loan relationships) will be charged to corporation tax on any gains realised after the deduction of allowable losses (if any). The indexation figure that corporate Shareholders can deduct will cover only the movement in the Retail Price Index from the date of acquisition of the asset up to 31 December 2017.

**The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in**

**the future) applicable to individual and corporate investors who are resident for tax purposes in the UK, and who are the absolute beneficial owners of a holding in the Company. Each investor's tax treatment will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities and persons who acquired their shares by reason of employment). Any investor who is in any doubt as to his or her UK tax position in relation to the holding of Shares in the Company should consult his or her UK independent professional adviser.**

## **US Taxation Issues/FATCA Tax Reporting**

**The information which follows is intended as a general guide only and represents the ACD's understanding of certain US taxation issues. It is provided for information purposes only and should not be relied on. Shareholders and prospective Shareholders are recommended to seek their own professional advice.**

The provisions of the Foreign Account Tax Compliance Act (FATCA) were enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act. FATCA includes provisions under which the ACD as a Foreign Financial Institution (FFI) may be required to report directly to the US Internal Revenue Service (IRS) certain information about Shares in a Fund held by US Persons for the purposes of FATCA or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income.

The ACD is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (IGA) Model I and under the terms of United Kingdom legislation implementing the IGA rather than under the US Treasury Regulations implementing FATCA. The ACD has registered with the IRS as the sponsoring entity for the Company to report certain information to HMRC.

In order to comply with its FATCA obligations, the ACD may be required to obtain certain information from Shareholders so as to ascertain their US tax status. If a Shareholder is a specified US Person, US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the ACD will need to report information on these Shareholders to HMRC, in accordance with applicable laws and regulations, which will in turn report this to the US Internal Revenue Service. Provided that the ACD acts in accordance with these provisions the Company should not be subject to withholding tax under FATCA.

Shareholders, and intermediaries acting for Shareholders, should note that it is the existing policy of the ACD that Shares in the Company are not being offered or sold for the account of US Persons for the purposes of FATCA and that subsequent transfers of Shares to such US Persons are prohibited. If Shares in the Company are beneficially owned by any such US Person, the ACD may in its discretion compulsorily redeem such Shares. Shareholders should moreover note that under the FATCA legislation, the



definition of “Specified US Persons” will include a wider range of investors than the current US Person definition.

**The ACD reserves the right to redeem the Shares of any Shareholder who jeopardises the tax status of the Company.**

**(A) Income equalisation – tax implications**

The price of a Share of a particular Class is based on the value of that Class’ entitlement in the relevant Fund, including the income of the relevant Fund since the previous distribution or, in the case of accumulation Shares, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Share, part of the amount, namely the equalisation payment, is treated as a return of capital and is not taxable as income in the hands of the Shareholder. This amount is, however, in the case of income Shares, deducted from the cost of the Share in computing any capital gains. Equalisation applies only to Shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Shares of the relevant Class issued during the period.

**(B) UK information reporting regime**

Open-ended investment companies are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with the “Automatic Exchange of Information” below.

There are also requirements to report cross-border arrangements to the tax authority if certain requirements are met under the International Tax Enforcement (Disclosable Arrangements) Regulations 2020 as amended from time to time. Investors should consult their independent professional advisor for more information as the obligation to report can in some cases be with the taxpayer.

**(C) Tax Elected Fund (“TEF”) regime**

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in any or all of the Funds to do so. If a Fund is elected into the TEF regime, the UK tax treatment of the Fund and its investors would be different to that set out above. **(D) Automatic Exchange of Information**

Following the repeal of the EU Savings Directive, a new automatic exchange of information regime has been implemented under Council Directive 2011/16/EU on administrative co-operation in the field of taxation, as amended by Council Directive 2014/107/EU (“Directive on Administrative Co-operation”). The Directive on Administrative Co-operation, which effectively implements the Organisation for Economic Co-operation and Development’s common reporting standard on automatic exchange of financial account information in tax matters, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. The Directive on Administrative Co-operation is, generally, broader in scope than the EU Savings Directive. The UK legislation that implements the Directive is the International Tax Compliance Regulations 2015 and the Regulations are likely to

apply to the Company regardless of the composition or asset class of its investments and whether or not the Company is a UK UCITS.

The ACD is responsible for identifying the territory in which an accountholder or a controlling person is resident for income tax or corporation tax purposes (or similar tax), applying due diligence procedures, keeping information for either: five years starting from the end of the last year in which the account was included in a return submitted to HM Revenue & Customs pursuant to the requirements of the International Tax Compliance Regulations 2015 (as amended from time to time) for a reportable account; or for an account that is not a reportable account five years starting from the end of the last year in which the account was treated as not being a reportable account based on due diligence procedures. Such tasks have been delegated to the Administrator.

If a Shareholder does not provide the requisite information for tax reporting purposes, the ACD may deduct the amount of any penalty imposed on it from the Shareholder's account.

## **28. FURTHER INFORMATION**

### **28.1 Material Documents**

Copies of the Instrument of Incorporation, the Prospectus, the ACD Agreement and the most recent annual and half-yearly reports may be inspected at the head office of the ACD (at the address set out in Appendix F) and copies may be obtained free of charge upon application.

### **28.2 Telephone calls**

Telephone calls may be recorded for regulatory, training or monitoring purposes. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call.

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

### **28.3 Summary of the ACD's haircut policy**

The ACD may have to provide or receive collateral in entering into certain derivative transactions for the Company. In doing so, the ACD may apply a haircut to that collateral. A "haircut" is a percentage that is subtracted from the market value of an asset that is being used as collateral.

The ACD will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply.

Where cash is received as collateral it will not be invested in anything other than cash or short-term deposit accounts.

Cash and the types of collateral will be deemed to be permitted for the purposes of the

Company's collateral policy at the ACD's discretion.

#### 28.4 **Address for service of notices**

The address for service of notices or other documents required or authorised to be served on the Company is at its registered office located at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

#### 28.5 **Complaints**

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD. If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR.

A copy of the complaints handling procedure is available from the ACD on request.

#### 28.6 **Remuneration policy**

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

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

### 29. **RISK MANAGEMENT**

Each Shareholder may obtain, on request from the ACD, information supplementary to this Prospectus relating:

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

### 30. **RISKS**

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Funds, in those Funds).

#### **General Risks**

##### 30.1 Market Fluctuations

The investments of the Company are subject to market fluctuations and other risks inherent in investing in securities. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the full amount they invest in a Fund.

There is no certainty that the investment objective of a Fund will actually be achieved. The ACD does not guarantee any yield or return on capital in any Fund.

#### 30.2 Investment Currency Risks

The values, in terms of the currency in which Shares are denominated, of investments that are not denominated in that currency may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares.

#### 30.3 Political and/or Environment Risks

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.

#### 30.4 Credit Risk

There is a risk that an issuer or counterparty will default.

#### 30.5 Settlement Risk

A settlement in a transfer system may not take place as expected because a counterparty does not pay or deliver on time or as expected.

#### 30.6 Liquidity Risks

There is a risk that a position cannot be liquidated in a timely manner at a reasonable price.

#### 30.7 Performance Risk

Investors are reminded that risk levels will depend on individual Fund selections, and the existence, absence of, or restrictions, on any guarantees given by third parties.

#### 30.8 Risk to Capital

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

#### 30.9 Cancellation Risks

If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

#### 30.10 Emerging Markets

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

#### 30.11 Effect of Preliminary Charge

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

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

#### 30.12 Dilution levy

Investors should note that in certain circumstances a dilution levy may be applied on their purchase or redemption of Shares (see "Charges and Expenses"). Where a dilution levy is not applied, the Fund in question may incur dilution, which may constrain capital growth.

#### 30.13 Suspension of Dealings in Shares

In certain circumstances Shareholders' right to redeem Shares may be suspended. Shareholders should refer to clause 5.5 ("Suspension of Dealing") for details.

#### 30.14 Liabilities of the Company

A Shareholder is not liable to make any further payment to the Company or Fund after the Shareholder has paid the price on purchase of the Shares.

#### 30.15 Charges to Capital

Where charges are made to the income of a Fund, but insufficient income is available to meet those charges, all or part of the charges may also be taken from the capital of the Fund, which may constrain capital growth.

#### 30.16 Derivatives

**The Funds may be invested in derivatives or a forward transaction but only for the purposes of hedging with the aim of reducing the risk profile of the Funds in accordance with the principles of Efficient Portfolio Management.**

**The Funds have the power to use derivatives and forward transactions for investment purposes this power would only be exercised after providing Shareholders with at least 60 days' advance notice. If this power is exercised, it could increase the risk profile of the Funds.**

**Derivatives can expose the Scheme Property to a higher degree of risk. For example, because of the effect of gearing, relatively small market movements can result in disproportionately high levels of loss. Off exchange transactions can carry higher levels of risk due to lack of liquidity, difficulty in valuing the investment and determining a fair price.**

#### 30.17 Unregulated Collective Investment Schemes

**The Company may, subject to FCA Rules, invest in unregulated collective investment schemes. These types of schemes are not subject to the same restrictions on investment powers or how they are run as regulated schemes and they may be considered higher risk.**

**These unregulated schemes may include hedge funds which may be illiquid, i.e. difficult to sell, and may also borrow to meet their objectives. This borrowing is likely to lead to volatility in the value of the scheme, meaning that a relatively small movement, either down or up, in the value of the scheme's total assets will result in a magnified movement in the same direction of the scheme's net asset value.**

#### 30.18 Credit and Fixed Interest Securities

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

#### 30.19 Investment Manager

The Investment Manager has complete discretion over the investment decisions within the relevant Fund. The performance of the Fund is therefore directly linked to the ability of the Investment Manager. Shareholders should be aware that, whilst no change in the Investment Manager is anticipated, a change, for whatever reason, may adversely affect the performance of the Fund.

### 30.20 Legal and Regulatory Risks

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

### 30.21 Risk Management Process

The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company.

The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

- a) a true and fair view of the types of derivatives and forward transactions to be used within the Company together with their underlying risks and any relevant quantitative limits;
- b) the methods for estimating risks in derivative and forward transactions.

The ACD must assess, monitor and periodically review:

- a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5 R;
- b) the level of compliance by the ACD with the risk management policy and with those arrangements, processes and techniques referred to in COLL 6.12.5 R; and
- c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

The ACD must notify the FCA of any material changes to the risk management process.

### 30.22 Counterparty risk in over-the-counter markets

A Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Fund may enter into agreements or use other derivative techniques, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to recover any losses incurred.

### 30.23 Conflicts Policy

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

### 30.24 Exchange-Traded Funds

Exchange Traded Funds (ETFs) are usually open-ended collective investment schemes, the units of which track an index, a commodity or a basket of assets like an index, but are traded like a stock on regulated markets and investment exchanges.

An investment by the Company in ETFs generally presents the same primary risks as an investment in a collective investment fund. The Company investing in ETFs are exposed not only to movements in the value of the underlying asset but also to the risk that the issuer or counterparty gets into financial problems. In addition, an ETF may be subject to the following risks:

- a) a discount of the ETF's shares to its net asset value;
- b) failure to develop an active or liquid trading market for the ETF's shares. The lack of a liquid secondary market, in particular, may make it very difficult for the Company to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;
- c) the listing / relevant exchange halting trading of the ETF's shares;
- d) failure of the ETF's shares to track the quoted reference index;
- e) the re-weighting of and



- f) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which the Company may invest are leveraged and this can cause their prices to be more volatile and their value to fall below the value of the underlying asset. The more the Company invests in leveraged ETFs, the more this leverage will increase any losses on those investments.

ETFs may involve duplication of management fees and certain other expenses, as the Company indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an on-going charge figure or a total expense ratio, swap-based ETFs and currency hedged ETFs may have additional costs which are not included in these figures.

### 30.25 Exchange Traded Notes

Exchange Traded Notes (ETNs) are a type of unsecured, unsubordinated debt security, the returns of which are based on the performance of a market index minus applicable fees, combining both the aspects of bonds and exchange traded funds and traded on a major exchange(s).

ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark of strategy remaining unchanged. The general credit market environment can also affect the creditworthiness of the issuer, causing the value of the ETN to fluctuate significantly. Changes in interest rate conditions can also affect the value of the ETN. Generally, if interest rates fall, the value of these investments rises. Conversely, if interest rates rise, their value falls.

The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in tracked assets, and economic, legal, political, or geographic events that affect the underlying asset that is tracked (or referenced) in the ETN.

Although most ETNs will quote an annual management charge ratio, this may not include all of the costs involved in running the investment and they do not always quote a total expense ratio figure.

### 30.26 Custody Risk

The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Depositary or Custodian may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments be less than the aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes, however in the event of an irreconcilable shortfall, the affected clients would bear the risk of any shortfall on a pro-rata basis and the Company may not recover all of its Financial Instruments.

### 30.27 Infectious Diseases

Infectious diseases that pose significant threats to human health may be highly disruptive to global economies and markets. The economic and market disruptions caused by infectious diseases could significantly impact the value of the Scheme Property of the Company and the value of distributions paid to investors.

## APPENDIX A

### Funds

The Funds, and their investment objectives and policies, are as follows:

#### **SVS LEVITAS A FUND**

**Investment Objective** The Fund's objective is to provide capital growth over the longer term.

**Investment Policy** To achieve its objective, the Fund will be actively managed and primarily (no less than 70%) invested in a variety of collective investment schemes that will seek exposure mainly (no less than 50%) to UK and international equities and with some exposure to fixed income and alternative investments (including, but not limited to, commodities, convertible bond funds, UCITS long short funds, market neutral hedge funds and private equity) to provide a mix of growth assets.

The Fund may also invest in transferable securities, money market instruments, exchange traded funds, cash and cash deposits, as permitted in this Prospectus.

**The use of derivatives and hedging transactions is only permitted in connection with the efficient portfolio management of the Fund (including hedging).**

**The Fund has the power to use derivatives and forward transactions for investment purposes but this power would not be exercised without providing Shareholders with at least 60 days' advance notice. Should the ACD and the Investment Manager decide to invest in derivatives and forward transactions for investment purposes, the net asset value of the Fund could at times be volatile (in the absence of compensating investment techniques) and the risk profile of the Fund could therefore be increased. However, it is the ACD's intention that in those circumstances, the Fund, owing to its portfolio composition or the portfolio management techniques used, would not have volatility over and above the general market volatility of the markets of its underlying investments.**

**Performance  
Comparator**

The Fund uses the Investment Association Flexible Investment peer group for performance comparison purposes only.

The peer group has been selected as a comparator for performance because it covers an aggregation of a large number of Sterling based multi-asset mandates in the industry with a similar level of volatility, and it is therefore an appropriate comparator for the Fund's performance.

The ACD reserves the right to change the peer group following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

**Sub-Fund Type**

UK UCITS

**Investment  
Manager(s)**

Brooks Macdonald Asset Management Limited  
(FCA registration number 184918)

**Investor profile**

The Fund is suitable for investment by any type of investor seeking to gain exposure to investments which capture the performance of fixed interest, property, commodities and other asset classes.

The investor must be able to accept the risk of losses, so the Fund may be appropriate for investors who can afford to set aside capital for at least five years.

**Class of Shares  
available**

Class B Accumulation Shares ††

**Minimum initial  
investment**

£1,000 single investment  
£100 regular (monthly)  
investment

**Minimum holding**

£100

<b>Minimum subsequent purchase</b>	£1,000 single purchase £100 regular (monthly) purchase
<b>Minimum redemption</b>	£100
<b>Annual accounting date</b>	31 December
<b>Interim accounting date</b>	30 June
<b>Income allocated</b>	30 April (final) 31 October (interim)
<b><u>Charges:</u></b>	
<b>Preliminary charge</b>	Up to 5% *
<b>Annual Management charge</b>	Up to 0.65% (however currently 0.53%)
<b>Exit (Redemption) Charge</b>	No
<b>Charge for Investment Research</b>	N/A
<b>Allocation of Charges and Expenses</b>	From income **

**Switching Fee**

None at  
present \*\*\*

†† **Launched**            1 January 2013

\* at the ACD's discretion

\*\* see paragraph 25.10 for further details

\*\*\* but may be introduced in the future (see paragraph 14.6) at the ACD's discretion

## **SVS LEVITAS B FUND**

### **Investment Objective**

The Fund's objective is to generate growth over the long term.

### **Investment Policy**

To achieve its objective, the Fund will be actively managed and primarily (not less than 70%) invested in a variety of collective investment schemes that will have exposure to fixed income and other defensive asset types (including but not limited to commodities, convertible bond funds, UCITS long short funds, market neutral hedge funds and private equity) and with some exposure to UK and international equities, to provide an overall defensive investment mixture of income generating assets.

The Fund may also invest in transferable securities, money market instruments, exchange traded funds, cash and cash deposits.

**The use of derivatives and hedging transactions is only permitted in connection with the efficient portfolio management of the Fund (including hedging).**

**The Fund has the power to use derivatives and forward transactions for investment purposes but this power would not be exercised without providing Shareholders with at least 60 days' advance notice. Should the ACD and the Investment Manager decide to invest in derivatives and forward transactions for investment purposes, the net asset value of the Fund could at times be volatile (in the absence of compensating investment techniques) and the risk profile of the Fund could therefore be increased. However, it is the ACD's intention that in those circumstances, the Fund, owing to its portfolio composition or the portfolio management techniques used, would not have volatility over and above the general market volatility of the markets of its underlying investments.**

### **Performance Comparator**

The Fund uses the Investment Association Mixed Investment 0-35% Shares peer group for performance comparison purposes only.

The peer group has been selected as a comparator for performance because it covers an aggregation of a large number of Sterling based multi-asset mandates in the industry with a similar level of volatility, and it is therefore an appropriate comparator for the Fund's performance.

The ACD reserves the right to change the peer group following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

<b>Sub-Fund Type</b>	UK UCITS
<b>Investment Manager(s)</b>	Brooks Macdonald Asset Management Limited (FCA registration number 184918)
<b>Investor profile</b>	<p>The Fund is suitable for investment by any type of investor seeking to gain exposure to equities in companies in any markets across the globe.</p> <p>The investor must be able to accept the risk of losses, so the Fund may be appropriate for investors who can afford to set aside capital for at least five years.</p>
<b>Class of Share available</b>	Class B Accumulation Shares ††
<b>Minimum initial investment</b>	<p>£1,000 single investment</p> <p>£100 regular (monthly) investment</p>
<b>Minimum holding</b>	£100
<b>Minimum subsequent purchase</b>	<p>£1,000 single purchase</p> <p>£100 regular (monthly) purchase</p>
<b>Minimum redemption</b>	£100
<b>Annual accounting date</b>	31 December
<b>Interim accounting date</b>	30 June



<b>Income allocated</b>	30 April (final)
	31 October (interim)

**Charges:**

<b>Preliminary charge</b>	Up to 5%*
<b>Annual Management charge</b>	Up to 0.65% (however currently 0.56%)
<b>Exit (Redemption) Charge</b>	No
<b>Charge for Investment Research</b>	N/A
<b>Allocation of Charges and Expenses</b>	From income **
<b>Switching Fee</b>	None at present ***

†† **Launched**                      1 January 2013

\* at the ACD's discretion

\*\* see paragraph 14.11 for details

\*\*\* but may be introduced in the future (see paragraph 14.6) at the ACD's discretion

## **APPENDIX B**

### **Investment management and borrowing powers of the Company**

The investment and borrowing powers of each Fund are set out below:

#### **Limitations on type of investments**

- 1.1. All the Scheme Property of the Funds must be invested in any or all of the following assets: transferable securities, money market instruments, derivatives, deposits, warrants, government securities and units in collective investment schemes (regulated and unregulated).
- 1.2. Cash or near cash may be held for the pursuit of each Fund's respective investment objectives or redemption of shares or for the efficient management of each Fund in accordance with its investment objectives or any other purpose reasonably regarded as ancillary to the investment objectives of the Fund. From time to time each Fund may have a higher than usual level of liquidity if the ACD considers that to be in the interests of Shareholders.
- 1.3. The investment objectives and policy of each Fund are set out in Appendix A are subject to the limits on investment under the FCA Rules and as set out in this Prospectus. These limits are summarised below.
- 1.4. The Funds will not invest in immovable property or tangible movable property, including gold.
- 1.5. Under normal circumstances, the ACD would expect substantially all of the assets of each Fund to be invested in investments appropriate to the relevant Fund's investment objectives, with not more than 20% held in cash.
- 1.6. Investments permitted for the Funds are as follows:

#### **1.6.1. Approved securities**

The Scheme Property may be invested in approved securities. An approved security is a transferable security that is admitted to an official listing in the UK or an EEA State or is traded under the rules of an eligible securities market (otherwise than by specific permission of the market authority). An eligible market is a regulated market that is open to the public and regularly traded; further details are set out in sub-paragraph 1.6.20 below.

#### **1.6.2. Transferable securities**

Transferable securities are, in general terms, shares, debentures, government and public securities, warrants or certificates representing certain securities (as such terms are defined in the FCA Glossary). Not more than 10% in value of the Scheme Property can be invested in transferable securities which are not approved securities.

The Scheme Property may be invested in transferable securities on which any sum

is unpaid only if it is reasonable to foresee that the amount of any existing and potential call for any sum unpaid could be paid by the ACD at the time when payment is required, without contravening the requirements of the FCA Rules.

### **1.6.3. Money market instruments**

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

A money-market instrument is regarded as normally dealt in on the money market if it:

- (a) has a maturity as issuance of up to and including 397 days;
- (b) has a residual maturity of up to and including 397 days;
- (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) and (b) or is subject to yield adjustments as set out in (c).

A money-market instrument is regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

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

- a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transactions; and
- b) based either on market data or on valuation models including systems based on amortised costs.

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

Except as set out below, approved money-market instruments held by the Company must be admitted to, or dealt in an eligible market.

Not more than 10% in value of the Scheme Property is to consist of approved money-market instruments, which are not:

- a. listed on or normally dealt on an eligible market; or

- b. liquid and whose value can accurately be determined at any time, provided the money market instrument is:
- (i) issued or guaranteed by a central, regional or local authority of the UK or an EEA state, the Bank of England, or a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State other than the UK or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which the UK or one or more EEA States belong; or
  - (ii) issued by a body, any securities of which are dealt on an eligible market; or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by UK or European Union law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European community law.

#### **1.6.4. Derivatives and forward transactions - general**

- 1.6.4.1 **In pursuing a Fund's objective, the ACD may make use of a variety of Derivative instruments in accordance with COLL. Derivatives must only be used for Efficient Portfolio Management purposes (including hedging) for a Fund.**
- 1.6.4.2 A transaction in derivatives or a forward transaction must not be effected for the Company unless:
- 1.6.4.2.1 the transaction is a kind specified in COLL, as summarised below;
  - 1.6.4.2.2 the transaction is covered, as required by COLL; and
  - 1.6.4.2.3 the transaction is in accordance with COLL and, specifically, COLL 5.3.11(G).
- 1.6.4.3 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading 'Spread' below, except for index based derivatives where the paragraph below applies.
- 1.6.4.4 Where a Fund invests in an index based derivative, provided the relevant index falls within the relevant requirements of COLL 5.2.20AR, the underlying constituents of the index do not have to be taken into account for the purposes of the restrictions spread, subject to the ACD taking account of COLL in relation to a prudent spread of risk.

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

**1.6.5. Permitted Derivatives and forward transactions**

- 1.6.5.1 A transaction in a derivative must be:
- 1.6.5.1.1 in an approved derivative; or
  - 1.6.5.1.2 be one which complies with paragraph 1.6.10.
- 1.6.5.2 A transaction in a derivative must have the underlying consisting of any or all of the following:
- 1.6.5.2.1 transferable securities,
  - 1.6.5.2.2 Approved Money Market Instruments,
  - 1.6.5.2.3 permitted deposits,
  - 1.6.5.2.4 permitted derivatives,
  - 1.6.5.2.5 permitted collective investment schemes,
  - 1.6.5.2.6 financial indices which satisfy the criteria set out in paragraph 1.6.6,
  - 1.6.5.2.7 interest rates,
  - 1.6.5.2.8 foreign exchange rates,
  - 1.6.5.2.9 currencies,
  - 1.6.5.2.10 permitted immovables; and
  - 1.6.5.2.11 gold
- 1.6.5.3 A Fund's exposure to the underlying must not exceed the limits in paragraphs 1.6.2, 1.6.8 and 1.6.9.
- 1.6.5.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives as described below.
- 1.6.5.5 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 1.6.5.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more,

transferable securities, money market instruments, units in collective investment schemes or derivatives.

1.6.5.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

1.6.5.8 The ACD must ensure that the Scheme Property provides a prudent spread of risk.

#### **1.6.6. Financial indices underlying Derivatives**

1.6.6.1 The financial indices referred to in paragraph 1.6.5.2.6 are those which satisfy the following criteria:

1.6.6.1.1 the index is sufficiently diversified;

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

1.6.6.1.3 the index is published in an appropriate manner.

1.6.6.2 A financial index is sufficiently diversified if:

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

1.6.6.2.2 where it is composed of assets in which a UCITS scheme is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

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

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

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

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

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

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

- 1.6.6.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- 1.6.6.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 1.6.6.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 1.6.5, be regarded as a combination of those underlyings.

#### **1.6.7. Transactions for the purchase or disposal of property**

- 1.6.7.1 A derivative or forward transaction which will or could lead to the delivery of property to the Depositary for the account of a Fund may be entered into only if:
  - 1.6.7.1.1 that property can be held for the account of the Fund;
  - 1.6.7.1.2 and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in COLL.

#### **1.6.8. Requirement to cover sales**

- 1.6.8.1 No agreement by or on behalf of a Fund to dispose of property or rights (except for a deposit) may be made unless:
  - 1.6.8.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment of rights; and
  - 1.6.8.1.2 the property and rights above are owned by the Fund at the time of the agreement.
- 1.6.8.2 Paragraph 1.6.8.1 does not apply where:
  - 1.6.8.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
  - 1.6.8.2.2 the ACD or the Depositary 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:

- (a) cash;
- (b) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
- (c) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

1.6.8.3 In the asset classes referred to in paragraph 1.6.8.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

### **1.6.9. OTC transactions in Derivatives**

1.6.9.1 Any transaction in an OTC derivative under paragraph 1.6.5 must be:

1.6.9.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

- (a) an Eligible Institution or an Approved Bank; or
- (b) a person whose permission (including any requirements or limitations), as published in the Financial Services Register provided by the FCA or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- (c) a CCP that is authorised in that capacity for the purposes of EMIR;
- (d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
- (e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
  - i. has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the UK; and
  - ii. is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.



- 1.6.9.1.2 the arrangements and procedures referred to in paragraph 1.6.9.1.3 must be:
- (a) adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - (b) adequately documented.
- 1.6.9.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
- (a) carries out, at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
  - (b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- 1.6.9.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD 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:
- (a) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable;
  - (b) or, if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 1.6.9.1.5 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- (a) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
  - (b) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

1.6.9.2 For the purposes of paragraph 1.6.9.1.3(a) above, a "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.6.9.3 The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs 1.6.9.1.1 to 1.6.9.1.15 above.

1.6.9.4 The following provisions apply:

1.6.9.4.1 The ACD must:

- (a) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of a Fund to OTC derivatives; and
- (b) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

1.6.9.4.2 Where the arrangements and procedures referred to in paragraph 1.6.9.4.1 involve the performance of certain activities by third parties the ACD must comply with the requirements of SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6A4R (4) to (6) (due diligence requirements for Managers of UK UCITS);

1.6.9.4.3 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:

- (a) its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and
- (b) its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the 'Spread: Corporates and Other Collective Investment Schemes' paragraph.

The ACD must calculate the global exposure of the Company on at least a daily basis, in accordance with the methods described in COLL 5.3.7R to COLL 5.3.10R.

For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

1.6.9.4.4 The ACD must calculate the global exposure of the Company either as:

- (a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL 5.2.19(R)(3A), which may not exceed 100% of the net value of the Scheme Property of the Company by way of the commitment approach; or

- (b) the market risk of the Scheme Property of the Company by way of the value at risk approach.

1.6.9.4.5 The ACD must ensure that the method selected above is appropriate, taking into account:

- (a) the investment strategy pursued by the Company;
- (b) the types and complexities of the derivatives and forward transactions used; and
- (c) the proportion of the Scheme Property comprising derivatives and forward transactions.

1.6.9.4.6 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

1.6.9.4.7 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

- (a) ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19(R)(3A), whether used as part of the Company's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
- (b) convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Company, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company need not form part of the global exposure calculation.

#### **1.6.10. Derivatives exposure**

- 1.6.10.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which that Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 1.6.10.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 1.6.11 sets out detailed requirements for cover of a Fund.
- 1.6.10.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

#### **1.6.11. Cover for transactions in Derivatives and forward transactions**

- 1.6.11.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which a Fund is or may be committed by another person is covered globally.
- 1.6.11.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet a Fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 6.6.11.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 1.6.11.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 1.6.11.5 The total exposure relating to derivatives held in a Fund may not exceed the net value of the Scheme Property.

**The Company will only use approved derivatives or forward transactions but only be used for Efficient Portfolio Management purposes (including hedging).**

**Therefore the outcome of any such use of derivatives for the purpose of Efficient Portfolio Management for the above Fund would be principally to reduce, rather than to increase, the risk profile of the Fund.**

#### **1.6.12. Deposits**

**The Company may invest in deposits only with an Approved Bank with a rating of not less than A with Standard & Poor's and which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.**

#### **1.6.13. Risk management**

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. Please refer to paragraph 30.21 for details.

#### **1.6.14. Schemes replicating an index**

**1.6.14.1 A Fund may invest up to 20% in value of its Scheme Property in shares and debentures which are issued by the same body where the aim of the investment policy of that Fund is to replicate the performance or composition of an index which satisfies the criteria set out in paragraph 1.6.15. This limit may be raised for a Fund up to 35% of the Scheme Property of that Fund, but only in respect of one body and where justified by exceptional market conditions.**

**1.6.14.2 At present the Company does not have a Fund which has an investment objective and policy to replicate the performance or composition of an index.**

#### **1.6.15. Relevant indices**

1.6.15.1 The indices referred to in paragraph 1.6.14 are those which satisfy the following criteria. An index must:

1.6.15.1.1 have a sufficiently diversified composition;

1.6.15.1.2 be a representative benchmark for the market to which it refers; and

1.6.15.1.3 be published in an appropriate manner.

#### **1.6.16. Collective investment schemes**

1.6.16.1 A Fund may invest 100% of its scheme property in units in collective investment schemes.

A Fund may invest in units in a collective investment scheme (the "second scheme") provided that:

(a) the second scheme satisfies all of the following conditions:

- i. it is a UK UCITS or a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- ii. it is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR (as set out in paragraph 1.6.16.4), are met); or
- iii. it is authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR (1)(a), (3) and (4) are met); or
- iv. it is authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or
- v. it is authorised by the competent authority of and OECD member country (other than the UK or an EEA State) which has:
  - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the scheme's management company, rules and depositary and custody arrangements;

(provided the requirements of COLL 5.2.13AR are met);

- i. it complies, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);
- ii. it has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes; and
- iii. where the second scheme is an umbrella, the provisions in paragraphs i and ii above and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.

1.6.16.2 In addition to the conditions set out above not more than 30% of the value of a Fund will be invested in second schemes within paragraphs (ii) to (v).

1.6.16.3 Subject to the restrictions above, investment may be made in other collective investment schemes managed by the ACD or an associate of the ACD, provided that the ACD makes good to the Company

certain amounts specified in COLL 5.2.16R.

1.6.16.4 The requirements of COLL 5.2.13AR are that:

- a) the second scheme is an undertaking:
  - i. with the sole objective of collective investment in transferable securities or in other liquid financial assets, as referred to in Section 5 of the COLL Sourcebook, of capital raised from the public and which operate on the principle of risk spreading; and
  - ii. with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption):
- b) the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the UK, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;
- c) the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules asset segregation, borrowing, lending and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of Section 5 of the COLL Sourcebook; and
- d) the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

1.6.16.5 The second scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes).

1.6.16.6 Where the Company makes an investment in, or disposal of, units or shares of a second scheme detailed in paragraph 1.6.16.3 and there is a charge in respect of such investment or disposal, the ACD must pay the Company the amount referred to in either paragraph 1.6.16.7 or paragraph 1.6.16.8 within four Business Days following the date of the agreement to invest or dispose.

1.6.16.7 When an investment is made, the amount referred to in paragraph 1.6.16.5 is either:

- a) any amount by which the consideration paid by the Company for the units or shares in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units or shares been newly issued or sold by it; or
- b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.

1.6.16.8 When a disposal is made, the amount referred to in paragraph 1.6.16.5

is any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal.

1.6.16.8 In paragraphs 1.6.16.6 and 1.6.16.7 above:

- a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy or dilution adjustment, is to be treated as part of the price of the units and not as part of any charge; and
- b) any switching charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

Where a substantial proportion of the Company's assets are invested in other collective investment schemes the maximum level of management fees, that may be charged to the Company and to the other collective investment schemes in which it invests in should not exceed 2% per annum plus VAT.

**The Funds may, subject to the FCA Rules, invest in unregulated (also known as 'non-registered' or 'non-authorised') collective investment schemes. Such schemes are not subject to the same restrictions on investment powers or on how they are run as regulated schemes, and therefore may be considered high risk.**

**These unregulated schemes may include hedge funds which may be illiquid, i.e. difficult to sell, and may also borrow to meet their objectives. This borrowing is likely to lead to volatility in the value of the scheme, meaning that a relatively small movement either down or up in the value of the scheme's total assets will result in a magnified movement in the same direction of the scheme's net asset value.**

#### **1.6.17. Warrants**

A Fund may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below. It is not anticipated that extensive use will be made of warrants, and in any event no more than 20% of the value of a Fund's property will be invested in them.

**A warrant is a time-limited right (but not an obligation) to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities.**

**A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.**



### **1.6.18. Spread: general**

- (a) This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 1.6.19 applies.
- (b) the specific limits are set out as follows:
  - (i) not more than 20% in value of the Scheme Property is to consist of deposits with a single body;
  - (ii) not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money market instruments issued by any single body;
  - (iii) the limit of 5% in paragraph (ii) above is raised to 10% in respect of up to 40% in value of the Scheme Property of a Fund. Covered bonds need not be taken into account for the purposes of applying the limit of 40%.
  - (iv) In applying paragraphs (ii) and (iii) above, certificates representing certain securities are treated as equivalent to the underlying security;
  - (v) the limit of 5% in paragraph (ii) above is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property of a Fund;
  - (vi) the exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank;
  - (vii) not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group; and
  - (viii) not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
  - (ix) in applying the limits in paragraphs (i), (ii), (iii), (iv) and (vi) above and subject to paragraph (v) above, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
    - (a) transferable securities (including covered bonds) or approved money-market instruments issued by; or

- (b) deposits made with; or
- (c) exposures from OTC derivatives transactions made with;

a single body.

- (x) For the purposes of this paragraph 1.6.18, companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of the Companies Act 2006, Directive 2013/34/EU, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable, or in the same group in accordance with international accounting standards, are regarded as a single body.

For the purpose of calculating the limits in paragraph (vi) the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

- (a) the ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs (vi) and (ix) above;
- (b) when calculating the exposure of a Fund to a counterparty in accordance with the limits set out in paragraph (vi), the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty;
- (c) the ACD may net the OTC derivative positions for a Fund with the same counterparty, provided:
  - a. it is able, legally, to enforce netting arrangements with the counterparty on behalf of the Company; and
  - b. the netting agreements referred to above do not apply to any other exposures the Company may have with that same counterparty.
- (d) the ACD may reduce the exposure of the Scheme Property to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation;
- (e) the ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits set out in paragraph (d) when it passes collateral to the counterparty to an OTC derivative transaction on behalf of a Fund;
- (f) collateral passed in accordance with paragraph (e) may be taken into account on a net basis only if the ACD is able, legally, to enforce netting arrangements with this counterparty on behalf of a Fund;
- (g) the ACD must calculate the issuer concentration limits referred to in the

paragraphs above on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach; and

- (h) in relation to exposures arising from OTC derivative transactions, as referred to paragraphs (vi) and (ix) the ACD must include in the calculation any counterparty risk relating to the OTC derivatives transactions.

#### **1.6.19. Spread: Government and Public Securities**

- (a) The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:
- (i) the UK or an EEA State;
  - (ii) a local authority of the UK or an EEA State;
  - (iii) a non-EEA State other than the UK; or
  - (iv) a public international body to which the UK or one or more EEA States belong.
- (b) Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- (c) A Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body, provided that:
- (i) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;
  - (ii) no more than 30% in value of the Scheme Property consists of such securities of any one issue; and
  - (iii) the Scheme Property includes such securities issued by that or another issuer, of at least six different issues.
- (d) In relation to such securities:
- (i) issue, issuer and guarantor include guarantee, guaranteed and guarantor; and
  - (ii) an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
  - (iii) Notwithstanding paragraph 1.6.18(a) and subject to paragraphs 1.6.18(b)(i) and 1.6.18(b)(x) above, in

applying the 20% limit in paragraph 1.6.18(b)(i) with respect to a single body, such securities issued by that body shall be taken into account.

(e) **More than 35% in value of the Scheme Property may be invested in such securities issued by:**

(i) **the Government of the United Kingdom.**

**Fixed interest securities such as government bonds, are particularly sensitive to changes in interest rates and inflation. Further, the value of a fixed interest security will fall in the event of the default or reduced credit rating of the bond issuer.**

#### **1.6.20. Eligible markets**

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FCA Rules.

Eligible markets include any market established in a member state of the European Economic Area ("member state") on which transferable securities and money market instruments admitted to official listing in the member state are dealt in or traded.

In the case of all other markets, in order to qualify as an eligible market, the ACD after consultation with the Depositary, must be satisfied that the relevant market:

- (a) is regulated;
- (b) operates regularly;
- (c) is recognised;
- (d) is open to the public;
- (e) is adequately liquid; and
- (f) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

The eligible securities markets for the Company are set out in Appendix C to this Prospectus.

**Eligible derivatives markets are markets which the ACD, after consultation with and notification to the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to the relevant criteria set out in the FCA Rules and the guidance on eligible markets issued by the FCA (as amended from time to time).**

**The eligible derivatives markets for the Company are set out in Appendix C to this Prospectus.**

### **1.6.21. General**

A Fund may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.

The restrictions on investment set out above are tighter than those imposed by the FCA Rules in the following respects:

- (a) for the purposes of paragraph 1.6.12, the FCA Rules do not require a certain rating for an Approved Bank.

## **2. Borrowing**

2.1. The Depositary may, in accordance with the FCA Rules and this paragraph, and with the instructions of the ACD, borrow sums of money for the use of the Company on terms that the borrowing is repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

2.2. Such borrowings must be made from Eligible Institutions or an Approved Bank and the period of the borrowings must not exceed three months without the prior consent of the Depositary. The ACD must ensure that borrowing is on a temporary basis and that borrowings are not persistent. For this purpose the ACD must have regard, in particular, to:

2.2.1. the duration of any period of borrowing; and

2.2.2. the number of occasions on which it has resorted to borrowing in any period.

2.3. Borrowings must not exceed 10% of the value of the Scheme Property.

2.4. The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with this section.

2.5. These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes, i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

## **3. Efficient Portfolio Management**

3.1. The ACD may utilise the property of the Company to enter into transactions for the purpose of Efficient Portfolio Management. These are techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

3.1.1. The transactions must be **economically appropriate** in that they are realised in a cost effective way.

3.1.2. The transactions must be entered into for one or more of the following specific aims, namely:

- (a) The reduction of risk;
- (b) The reduction of cost; or
- (c) The generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

3.1.3. The first aim allows for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.

3.1.4. Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying Scheme Property away from a currency which the ACD considers to be unduly prone to risk.

3.2. Economically appropriate

3.2.1. The guidelines adopted by the ACD, under which the Company will operate are:

- (a) Any transaction must be one which (alone or in combination with one or more of others) is reasonably believed by the Company to be economically appropriate to the Efficient Portfolio Management of the Company.

3.2.2. This means that the ACD reasonably believes that:

- (a) For transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
- (b) For transactions undertaken to generate additional capital or income, the scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;

3.2.3. The transaction may not be entered into if its purpose could reasonably be regarded as speculative.

3.2.4. Where the transaction relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within a reasonable time.

**Efficient Portfolio Management techniques may be utilised by the Company when considered appropriate.**

## APPENDIX C

### Eligible securities and derivatives markets

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

A market is an 'eligible market' if it is:

- a) a regulated market (as defined in the FCA Glossary);
- b) an established market in the UK or an EEA State (except Iceland) which is regulated, operates regularly and is open to the public;
- c) a market which the ACD, after consultation with the Depositary, determines is appropriate for the purpose of investment of, or dealing in, the property of the Company. In accordance with the relevant criteria in COLL such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

The eligible markets on which the investments of the Company may be dealt in or traded will be the following:

#### Eligible Securities Markets

Australia	ASX Group
Brazil	BM&FBOVESPA
Canada	Toronto Stock Exchange TSX Venture Exchange Montreal Exchange
Hong Kong	Hong Kong Stock Exchange
Japan	JASDAQ Securities Exchange Sapporo Securities Exchange Fukuoka Stock Exchange Tokyo Financial Exchange
Korea	Korea Composite Stock Price Index
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)

Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange AG
Thailand	Stock Exchange of Thailand (SET)
United Kingdom	Alternative Investment Market of the London Stock Exchange (AIM)
United States of America	NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc);  any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the Chicago Stock Exchange. NYSE Euronext, (CHX) NYSE Arca Equities and NASDAQ OMX PHIL;  the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer;  the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc".

### **Eligible Derivatives Markets**

For the purpose of COLL, the ACD, after consultation with the Depositary, has decided that the following exchanges are eligible derivatives markets in the context of the investment policy of the scheme:

Italy	Italy Equities Derivatives Market (IDEM) and Futures Market for Government Securities (MIF)
Japan	Tokyo Financial Exchange Inc
New Zealand	New Zealand Futures and Options Exchange
Spain	Spanish Exchange BME
South Africa	South African Futures Exchange (SAFEX)
United Kingdom	NYSE Euronext London International Financial Futures and Options Exchange (LIFFE)



London Securities & Derivatives Exchange Ltd (OMLX)  
United States of America Chicago Board Options Exchange, CME Group Inc. and NASDAQ  
OMX Futures

## APPENDIX D

### Past Performance Data

The comparisons in the below performance table have been based on **Accumulation Shares** for performance over a five year period. The performance table shows the total annual return up to 31 December in each year listed.

This performance information shows the post-tax position and is net of charges (subscription and redemption fees) but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

<b>Name of Fund / share class</b>	<b><u>2015</u></b> (%)	<b><u>2016</u></b> (%)	<b><u>2017</u></b> (%)	<b><u>2018</u></b> (%)	<b><u>2019</u></b> (%)
SVS Levitas A (Acc)	2.80	12.01	13.01	-9.61	18.89
SVS Levitas B (Acc)	1.29	4.75	4.53	-4.65	8.29

*Source:* These performance figures have been derived from information extracted from information provided through MorningStar.

These performance figures are presented as a matter of record and should be regarded as such.

**Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.**

**Investors should note that these figures refer to the past and past performance is not a reliable indicator of future results or performance.**

## APPENDIX E

### List of Authorised Funds for which Evelyn Partners Fund Solutions Limited acts as authorised fund manager or authorised corporate director

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

Authorised Unit Trusts	Investment Companies with Variable Capital
	<p>The Kingfisher Fund  The Loch Moy Fund  The Magpie Fund  The MF Fund  The Milne Fund  The Nectar Fund  The Norton Fund  The Princedale Fund  The Rosslyn Fund  The SBB Fund  The Staffordshire Portfolio  The Stellar Fund  The SVS Levitas Funds  The Touchstone Investment Fund  The Tully Fund  The Westhill Investment Fund  TS Campana Fund  White Oak Fund</p>

## APPENDIX F

### Directory of Contact Details

<b>ACD</b> <i>Registered address: Principal place of business:</i>	<b>Evelyn Partners Fund Solutions Limited</b> 45 Gresham Street, London, EC2V 7BG  206 St Vincent Street, Glasgow G2 5SG
<b>Administrator, Registrar and Fund Accountant</b>	<b>Evelyn Partners Fund Solutions Limited</b> 45 Gresham Street, London, EC2V 7BG
<b>Dealing Office</b>	<b>Transfer Agency Team</b> 206 St Vincent Street, Glasgow G2 5SG TADealing@Evelyn.com
<b>Auditors</b>	<b>Johnston Carmichael LLP</b> Bishop's Court, 29 Albyn Place, Aberdeen AB10 1YL
<b>Custodian</b>	<b>The Bank of New York Mellon London Branch (BNYM LB)</b> One Canada Square, Canary Wharf, London, E14 5AL
<b>Depository</b> <i>Registered address: Principal place of business:</i>	<b>NatWest Trustee and Depository Services Limited</b> 250 Bishopsgate, London, EC2M 4AA  House A, Floor 0, Gogarburn, 175 Glasgow Rd, Edinburgh EH12 1HQ
<b>Investment Manager</b>	<b>Brooks Macdonald Asset Management Limited</b> 21 Lombard Street, London EC3V 9AH <a href="http://www.brooksmacdonald.com">www.brooksmacdonald.com</a>
<b>Sponsor</b>	<b>Levitas Investment Management Services Limited</b> 21 Lombard Street, London, England, EC3V 9AH
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square London E20 1JN