



# COURTIERS

Prospectus of

COURTIERS UCITS INVESTMENT FUNDS ICVC

Product Reference Number: 715284

Sub Funds

Courtiers UK Equity Income Fund Product Reference Number: 719592
Courtiers Global ex-UK Equity Income Fund Product Reference Number: 719593
Courtiers Investment Grade Bond Fund Product Reference Number: 719594
Courtiers Ethical Value Equity Fund Product Reference Number: 980741

(An open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC001051)

Courtiers Asset Management Limited (Authorised Corporate Director)

This Prospectus has been prepared in accordance with the Rules of the Financial Conduct Authority as contained in the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and is dated and is valid as at 16 February 2023.

**Version 15**

**IMPORTANT:** IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR FINANCIAL ADVISER.

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## Important Information

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Courtiers Asset Management Limited, the Authorised Corporate Director of Courtiers UCITS Investment Funds ICVC (the “Company”), is the entity responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information in this document does not contain any untrue or misleading statements or omit any matters required by the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook to be included in it. Courtiers Asset Management Limited accepts responsibility accordingly.

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

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

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

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

Shares in the Company are not listed or dealt on any investment exchange.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult

their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them) and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Courtiers Asset Management Limited.

This Prospectus is based on information, law, and practice at the date hereof. The Company cannot be bound by an out-of-date Prospectus when it has issued a new Prospectus, and investors should check with Courtiers Asset Management Limited that this is the most recently published Prospectus. Investors should also refer to the relevant Key Investor Information Document before investing, or re-investing, in a Fund. The most up-to-date version of the relevant Key Investor Information Document for each Share Class is also available from Courtiers Asset Management Limited.

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

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to U.S. Persons (who fall within the definition of "US Person" as defined in rule 902 in regulation S of the United States Securities Act 1933). The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been registered under the United States Investment Advisers Act 1940.

The UK has entered into an intergovernmental information exchange agreement with the United States (pursuant to FATCA) (the "US-UK IGA") and has also entered into similar agreements with other countries (as to which please see section [13], under the heading "TAXATION – Other taxes – FATCA and similar measures"). In order to fulfil its legal obligations in accordance with the requirements of such agreements, the Company is required to obtain confirmation of the tax residency of Shareholders and certain other information to comply with certain reporting requirements. Courtiers

Asset Management Limited (or its delegate) may ask for evidence of the tax identification number, and country and date of birth of individual Shareholders, or for the Global Intermediary Identification number (GIIN) of corporate and other Shareholders, and such other information and/or documentation that the Company considers necessary to enable it to comply with such requirements. If certain conditions apply, information about your shareholding may be passed to HMRC in order to be passed on to other tax authorities, where the UK has an agreement with that country. Any Shareholder that fails to provide the required information and/or documentation may be subject to a compulsory redemption of their Shares.

Each of the Funds is managed for longer-term investment, as such, Courtiers Asset Management Limited discourages excessive short-term trading that may be detrimental to the Funds and their Shareholders. Frequent purchases and redemptions of Shares may present certain risks for other Shareholders in a Fund. This includes the risk of diluting the value of Shares held by long-term Shareholders, interfering with efficient management of each Fund's portfolio, and increasing brokerage and administrative costs. Funds investing in securities that require special valuation processes (such as foreign securities or below investment-grade securities), also may have increased exposure to these risks. Therefore, Courtiers Asset Management Limited may, at its discretion, refuse to accept applications for purchase of, or requests for exchange of, Shares where it believes such detriments to a Fund may arise.

Courtiers Asset Management Limited reserves the right not to accept applications for Shares until all appropriate checks, including anti-money laundering verification, have been completed.

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***Important:*** *If you are in doubt about the contents of this Prospectus you should consult your professional financial adviser.*

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**Head Office**

18 Hart Street  
Henley-on-Thames  
Oxfordshire  
RG9 2AU

**Authorised Corporate Director**

Courtiers Asset Management Limited  
18 Hart Street  
Henley-on-Thames  
Oxfordshire  
RG9 2AU

**Administrator**

JTC Fund Solutions (Guernsey) Limited  
PO Box 156  
Ground Floor, Dorey Court  
Admiral Park  
St. Peter Port  
Guernsey  
GY1 2HT

**Registrar**

Courtiers Investment Services Limited  
18 Hart Street  
Henley-on-Thames  
Oxfordshire  
RG9 2AU

**Depositary**

Citibank UK Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Auditor**

Ernst & Young LLP  
Ten George Street  
Edinburgh  
EH2 2DZ

**Legal Advisers (UK)**

Simmons & Simmons LLP  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS

## Definitions

<b>Accumulation Shares</b>	Shares in respect of which income is accumulated and added to the capital property of a Fund.
<b>ACD</b>	Courtiers Asset Management Limited which acts as the Authorised Corporate Director of the Company.
<b>Act</b>	Financial Services and Markets Act 2000, as amended from time to time.
<b>Administrator</b>	JTC Fund Solutions (Guernsey) Limited and/or such other person appointed from time to time to provide administration services to the ACD.
<b>AML</b>	Anti-Money Laundering
<b>Approved Bank</b>	In relation to a bank account opened by the Company: <ul style="list-style-type: none"> <li>a) if the account is opened at a branch in the United Kingdom; <ul style="list-style-type: none"> <li>i. the Bank of England; or</li> <li>ii. the central bank of a member state of the OECD; or</li> <li>iii. a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> <li>iv. a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> </ul> </li> <li>b) if the account is opened elsewhere: <ul style="list-style-type: none"> <li>i. a bank in (a); or</li> <li>ii. a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or</li> <li>iii. a bank which is regulated in the Isle of Man or the Channel Islands; or</li> </ul> </li> <li>c) a bank supervised by the South African Reserve Bank</li> </ul>
<b>Auditor</b>	Ernst & Young LLP and/or such other person appointed from time to time to provide auditing services to the Company.
<b>Business Day</b>	Any day on which banks are open for business in London and/or such other day or days as the ACD may determine from time to time.
<b>CFT</b>	Combatting Financial Crime
<b>COLL Sourcebook or COLL</b>	The rules contained in the Collective Investment Schemes Sourcebook of the FCA Rules as amended, excluding, for the avoidance of doubt, any guidance, or evidential provisions.
<b>Common Reporting Standard (CRS)</b>	A global standard for the automatic exchange of Financial Account information between governments around the world to help fight against tax evasion and protect the integrity of systems.
<b>Company</b>	Courtiers UCITS Investment Funds ICVC.
<b>Conversion</b>	The conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and “Convert” and “Converted” shall be construed accordingly.
<b>Cut-Off Time</b>	The cut-off time for submissions of instructions as described in Appendix 3.

<b>Custodian</b>	Citibank N.A. and/or such other person appointed from time to time to provide custody services to the Depositary.
<b>Dealing Day</b>	Any Business Day.
<b>Default Arrangement</b>	Means as defined in the Glossary to the FCA Rules.
<b>Depositary</b>	Citibank UK Limited, the depositary of the Company.
<b>EEA State</b>	A member state of the European Union and any other state which is within the European Economic Area.
<b>Eligible Institution</b>	One of certain eligible institutions being a BCD credit institution authorised by its home state regulator, as defined in the glossary of definitions in the FCA Rules, or a MiFID (Markets in Financial Instruments Directive) investment firm authorised by its home state regulator as defined in the glossary of definitions in the FCA Rules.
<b>FATCA</b>	The Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (as amended from time to time).
<b>FCA</b>	The Financial Conduct Authority of the United Kingdom and/or any successor regulatory body thereto.
<b>FCA Rules</b>	The FCA Handbook of Rules and Guidance made under the Act as amended, revised, updated or supplanted from time to time, including for the avoidance of any doubt, the COLL Sourcebook.
<b>Fund or Funds</b>	A sub-fund or sub-funds of the Company being part of the property of the Company that is pooled separately and is invested in accordance with the investment objective applicable to that Fund.
<b>HMRC</b>	HM Revenue & Customs.
<b>Income Shares</b>	Shares in respect of which income is distributed to Shareholders.
<b>Initial Offer Period</b>	Means as defined on page 17.
<b>Instrument of Incorporation</b>	The Instrument of Incorporation of the Company as amended from time to time.
<b>ISA</b>	An individual savings account established and operated in accordance with the Individual Savings Account Regulations 1998.
<b>In Specie</b>	The delivery of a financial asset in its current form rather than in an equivalent amount of cash.
<b>KIID</b>	A Key Investor Information Document.
<b>Net Asset Value or NAV</b>	The value of the property of (or attributable to) the Company, a Fund or a Share Class (as the context may require) less the liabilities of (or attributable to) the Company, Fund or Share Class concerned as calculated in accordance with the Instrument of Incorporation.
<b>Non-Qualified Person</b>	Any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the ACD, might: <ul style="list-style-type: none"> <li>a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares; or</li> <li>b) require the Company or the ACD to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Company to be required to apply for registration, or comply with any registration requirements in respect of any</li> </ul>

	<p>of its Shares, whether in the United States of America or any other jurisdiction; or</p> <p>c) cause the Company, its Shareholders or the ACD some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company or its Shareholders might not otherwise have incurred or suffered.</p>
<b>OECD</b>	The Organisation for Economic Co-operation and Development.
<b>OEIC</b>	An Open-Ended Investment Company incorporated under the OEIC Regulations.
<b>OEIC Regulations</b>	The Open-Ended Investment Companies Regulations 2001 (as amended from time to time).
<b>PRA</b>	The Prudential Regulation Authority of the United Kingdom and/or any successor regulatory body thereto.
<b>Product Reference Number</b>	The Product Reference Number or “PRN” is issued by the FCA and is unique to each fund managed and marketed by the ACD.
<b>Qualifying Scheme</b>	Means as defined in the Glossary to the FCA Rules.
<b>Register of Shareholders</b>	The register of shareholders kept by or on behalf of the Company pursuant to paragraph 1(1) of Schedule 3 to the OEIC Regulations.
<b>Registrar</b>	Courtiers Investment Services Limited.
<b>Regulated Activities Order</b>	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.
<b>The Regulations</b>	The OEIC Regulations and the FCA Rules.
<b>Scheme Property</b>	The property of the Company or a particular fund (as the case may be) including income on that property.
<b>Share Class</b>	All of the Shares issued by the Company as a particular class of shares relating to a single fund.
<b>Shareholder</b>	A holder of shares in the Company.
<b>Specified US Person</b>	A Shareholder who falls within the definition of “Specified United States Person” for the purpose of FATCA.
<b>Switch</b>	Where permissible, the exchange of shares of one fund for shares of another fund and “switching” shall be construed accordingly.
<b>UCITS Directive</b>	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 (as amended from time to time).
<b>UCITS Scheme</b>	A collective investment scheme that complies with the requirements of the UCITS Directive.
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland.
<b>US-UK IGA</b>	Intergovernmental agreement (IGA) aiming to improve tax evasion between the UK and US.
<b>Valuation Point</b>	The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the property of the Company or a fund (as the case may be) for the purpose of determining the price at which shares of a share class may be issued, cancelled, exchanged or redeemed. The valuation point will be at 22.00 on each dealing day or such other time or times as may be determined by the ACD.
<b>VAT</b>	UK value added tax.

In this Prospectus the words and expressions set out in the first column above shall have the meanings set opposite them unless the context requires otherwise.

Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the FCA Rules unless the contrary is stated. All references to “Sterling” and “£” are to the currency of the United Kingdom.

## 1.1 The Company

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The Company is an open-ended investment company with variable capital (OEIC), incorporated in England and Wales with registered number IC001051 and is authorised pursuant to Regulation 14 of the OEIC Regulations.

The effective date of the authorisation order made by the FCA was 7 October 2015.

The minimum share capital of the Company is £1, and the maximum share capital is £100,000,000,000. The base currency for the Company is pounds sterling. The Shareholders are not liable for the debts of the Company. Shares in the Company are not listed on any investment exchange.

The Company is an umbrella company authorised as a UCITS scheme for the purposes of the FCA Rules and, as at the date of this Prospectus, consists of the following Funds:

- Courtiers UK Equity Income Fund
- Courtiers Global (ex UK) Equity Income Fund
- Courtiers Investment Grade Bond Fund
- Courtiers Ethical Value Equity Fund

Subject to the Regulations and the Instrument of Incorporation, the ACD may establish additional Funds from time to time.

The address in the U.K. for service on the Company of notices or other documents required or authorised to be served on the Company is: 18 Hart Street, Henley on-Thames, Oxfordshire, RG9 2AU.

## 1.2 The Funds and their Investment Objectives and Policies

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The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund.

Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund.

Details of the investment objective, policy and certain terms relating to an investment in the Funds are set out in Appendix 3.

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*The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix 2.*

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A detailed statement of the general investment and borrowing restrictions in respect of each Fund is set out in Appendix 1.

Each of the Funds has a segregated portfolio 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 and any other Fund, and shall not be available for any such purpose.

Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, these provisions are subject to the scrutiny of the courts and it is not free from doubt, in the context of claims brought by local creditors in foreign courts or under foreign law contracts, that the assets of a Fund will always be 'ring fenced' from the liabilities of other Funds of the Company.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs, and charges of the Company attributable to that Fund. Within the Funds, charges will be allocated between Share Classes in accordance with the terms of issue of Shares of those Share 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.

An investment in a Fund should be based on.

- The investor's attitude to risk
- Desired objectives,
- The intended length of time for investment, and
- Should be considered in the context of the investor's overall portfolio.

Further details of the typical investor profile of each Fund can be found in Appendix 3.

Investors should seek professional advice before making investment decisions.

When available, the historical performance of the Funds will be set out in Appendix 4.

### 2.1 General

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Several Share Classes may be issued in respect of each Fund, distinguished by their criteria for subscription and fee structure.

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*The Share Classes currently available for each Fund are set out in Appendix 3.*

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Where a Fund has different Share Classes, each Share Class may attract different charges and so monies may be deducted from Share Classes in unequal proportions. In these circumstances the proportionate interests of the Share Classes within a Fund will be adjusted accordingly.

Further Share Classes may be established from time to time by the ACD in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Share Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Fund or Share Class. The base currency for each new Share Class will be determined at the date of creation and set out in the Prospectus issued in respect of the new Share Class.

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*Shares in the Company have no par value and therefore the share capital of each Fund at all times equals the Company's current Net Asset Value.*

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Subject to their denomination, Shares 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.

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

Each Share is deemed to represent one undivided unit of entitlement in the property of a Fund. Subject to the terms of this Prospectus, Shareholders are entitled to receive net income derived from the Fund and to redeem their Shares at a price linked to the value of the Scheme Property of a Fund. Shareholders do not have any proprietary interest in the underlying assets of the Company.



## 2.2 Income and Accumulation Shares and Gross Shares

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### 2.2.1 Income Shares

Holders of Income Shares are entitled to be paid the distributable income attributed to such Shares in respect of the relevant interim and/or annual distribution period for that Share Class.

Income Shares are currently issued by the Company for the UK Equity Income Fund only. Income (if any) will be distributed on or before the income distribution dates (see Appendix 3 in relation to each Fund).

### 2.2.2 Accumulation Shares

Holders of Accumulation Shares are not entitled to be paid the income attributed to such Share Class in relation to the relevant interim and/or annual distribution periods, but that income is automatically transferred to (and retained as part of) the capital assets of a Fund on the last day of the relevant interim and/or annual distribution period. This is reflected in the price of an Accumulation Share.

### 2.2.3 Gross Shares

Gross Shares are Income or Accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company.

Currently, only gross Shares (for Income and Accumulation) are in issue. Consequently, all references in this Prospectus to Shares are to gross Shares unless otherwise stated.

## 2.3 Title to Shares

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The title to Shares is evidenced by entries on the Register of Shareholders. Certificates for Shares will not be issued.

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*The Company does not issue bearer Shares.*

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## 2.4 Shares with Different Denominations

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Shares will be issued in larger and smaller denominations. Smaller denomination Shares represent fractions of a larger denomination Share and accordingly have proportionate rights.

Whenever the number of any smaller denomination Shares reaches one ten thousandth, the ACD shall automatically consolidate such smaller denomination Shares into one larger denomination share of the same Share Class.

### 3.1 Initial Offer Period

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The initial offer period for shares in the Funds commenced at 9.30 on 23 November 2015 and closed at 16.30 on 27 November 2015 (the “Initial Offer Period”).

The subscription price for each Share Class during the Initial Offer Period was 100 pence per Share.

The Institutional Income Share Class for the Courtiers UK Equity Income Fund was launched on 22 July 2019 with an initial price of 100 pence per share.

The Institutional Accumulation Share Class for the Courtiers Ethical Value Equity Fund was launched 3 November 2022 with an initial price of 100 pence per share.

### 3.2 General

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Shares in each Fund may be bought, sold, Switched and Converted on any Dealing Day between 9.30 am and 15.00 pm. The ACD may vary these times at its discretion. Shares may be bought, sold, Switched or Converted by writing to the ACD or by such other means as the ACD may make available from time to time. A purchase or sale of Shares is a legally binding contract. Telephone calls may be recorded.

Instructions received and accepted by the ACD by the Cut-Off Time on a Dealing Day will be dealt with at the price calculated on that day. Instructions received and accepted after that time will be dealt with at the price calculated on the next Dealing Day.

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*A purchase or sale of Shares in writing and/or by telephone is a legally binding contract.*

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Once made, applications to purchase Shares are irrevocable except in the case where cancellation rights apply (see below).

#### 3.2.1 Dealing as Principal

In its dealings in Shares of the Funds the ACD is dealing as principal and in so doing the ACD may make a profit from dealing in Shares as principal.

The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal.

### 3.3 Subscriptions

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Shares may be bought directly from the ACD or through a professional adviser or other intermediary<sup>1</sup>. Application forms may be obtained from the ACD.

A contract note giving details and, where appropriate, a notice of the applicant's right to cancel the transaction will be issued on the Business Day following the purchase or sale.

Certificates will not be issued in respect of shares in the Fund as ownership is evidenced by entry on the Register.

In the case of a purchase of Shares, settlement will be required at the time of placing the instruction to purchase Shares.

Payments for Share purchases are made by Shareholders directly into a client money account, from which such payments are transferred (net of any fees payable to the ACD) to the Depositary for the issue of Shares.

All payments received by the ACD shall be transferred to the Depositary for the issue of the Shares on the later of the contractual settlement date or the date when payment has irrevocably been received in cleared funds by the ACD, net of any fees or other amounts payable to the ACD.

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*The ACD, at its discretion, has the right to cancel a purchase deal if settlement is not made within a reasonable period and any loss arising on such cancellation shall be the liability of the applicant.*

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At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

Applications to purchase Shares, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, 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.

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<sup>1</sup> For details of dealing charges see section 9

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*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.*

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A smaller denomination Share is equivalent to one hundredth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD.

If an applicant decides to cancel the contract, and, at the time the ACD receives the completed cancellation notice, the value of the investment has stayed the same or risen, they will receive a refund of the amount they invested.

If the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund, as an amount equal to any fall in value will be deducted from the sum originally invested.

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*The ACD may extend cancellation rights to other investors but is under no obligation to do so.*

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If the full settlement has not been made at the time of applying for Shares, it must be paid so as to be received by the ACD within three Business Days.

Provided that no notice of cancellation is received, settlement is completed on receipt of cleared funds. If settlement is not received as set out above, the ACD may, at their discretion, cancel the transaction. If, at the time the ACD cancels the transaction, the value of the investment has stayed the same or risen, the applicant will receive a refund of the amount they invested. If the value of the investment has fallen at the time of the cancellation the applicant may not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

As part of the process of buying Shares, investors in the Company will be required to provide the ACD (or its delegate) with any information and/or documentation that the Company considers necessary to enable it to comply with its domestic (and any overseas) obligations relating to FATCA, the US-UK IGA and any similar inter-governmental agreements for the automatic exchange of tax information which may be entered into and implemented by the United Kingdom.

### 3.3.1 FATCA

FATCA aims to prevent US tax evasion by requiring foreign financial institutions (such as the Company) to report certain information in relation to any Shareholder who is a Specified US Person to the Internal Revenue Service of the US (“IRS”).

As a result of the US-UK IGA, the ACD may be required to disclose information relating to Shareholders who fall within the definition of Specified US Person (and their investments in the Company) to HMRC, who will in turn exchange this information with the IRS.

The United Kingdom government has also entered into inter-governmental agreements with a number of other jurisdictions which impose similar requirements to the US-UK IGA.

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*Further information may be found in section 13 under the heading “Taxation – Other taxes – FATCA and similar measures” 13.3.3.*

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By signing the application form to subscribe to Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate.

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*Please note that the Company may treat Shareholders as a Specified US Person, or (where applicable) as a person in respect of whom disclosure is required to be made in accordance with further inter-governmental agreements, where the ACD is unable to establish that this is not the case.*

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Shareholders who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of FATCA, the US-UK IGA and any other similar legislation and/or regulations on their interest in the Company.

### 3.4 Redemptions

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The redemption price per Share will be equal to the **Net Asset Value per Share** as at the relevant Valuation Point less any charges which may apply as further detailed in the section headed “Fees and Expenses”.

No redemption payment may be made until the original redemption notice has been received and all the documentation required by the Company (including any documents in connection with anti-money laundering procedures) and the appropriate anti-money-laundering procedures have been completed.

A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the minimum holding as set out in Appendix 3.

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*A redemption request, once given, is irrevocable save with the consent of the ACD (which may be withheld in the ACD's discretion).*

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Payment will be made in the currency of denomination of the Shares being redeemed.

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) and/or their duly authorised agents, together with a form of renunciation (if sufficient written instructions have not already been given), for joint holders, for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the Valuation Point by reference to which the redemption price is determined.

Subject to the provisions on in specie redemption below, redemption monies will be paid by cheque (or by appropriate electronic means where applicable) which will be issued within three business days of the later of:

- Receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; and
- The Cut-Off Time following receipt by the ACD of the request to sell.

For security purposes, where a Shareholder submits a request to change his/her name, address, or bank details, a **10-day block** is placed on the payment of redemption proceeds, giving the Shareholder enough time to receive advice that the change has been made and to notify the ACD of any discrepancy.

The Depositary will pay the redemption proceeds into a client money account operated by the ACD and payments to redeeming Shareholders will be made from this account. Redemption proceeds due to a Shareholder shall be treated as client money until the payment to the shareholder has settled.

### 3.5 Deferred Redemptions

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The ACD may defer redemptions at a particular Valuation Point on a Dealing Day to the Valuation Point on the next Dealing Day where the requested redemptions (including redemptions deferred from a prior Dealing Day) exceed 10% of a Fund's value.

The ACD will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Valuation Point on a Dealing Day at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level and will defer the remainder until such period as it considers to be in the best interests of the Fund and its Shareholders.

The ACD will also ensure that all deals relating to an earlier Valuation Point on a Dealing Day are completed before those relating to a later Valuation Point are considered.

### 3.6 Conversion and Switching

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Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may at any time:

- Convert all or some of their Shares in one Class in a Fund for Shares of another Class of Shares in the same Fund: or
- Switch all or some of their Shares in one Class in a Fund for Shares in another Fund.

#### 3.6.1 Conversions

Conversions will be effected by the ACD recording the change of Share Class on the Register of the Company. If a Shareholder wishes to Convert Shares, they should apply to the ACD in the same manner as for a sale as set out below. A Conversion may be subject to income equalisation, as referred to below.

Conversions may not be effected at the next Valuation Point and may be held over and processed with Conversion instructions given by other Shareholders. The number of Shares to be issued in the new Class will be calculated relative to the price of the Shares being Converted from.



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*If you would like information about when your conversion will be processed, please contact the ACD.*

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Conversions will not generally be treated as a disposal for United Kingdom taxation purposes provided certain conditions are satisfied.

There is currently no fee on Conversions.

### 3.6.2 Switches

Subject to the qualifications below, a Shareholder may at any time Switch all or some of their Shares of one Share Class in a Fund ("**Original Shares**") for Shares of another Fund ("**New Shares**").

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.

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*The ACD may at its discretion make a charge on the Switching of Shares between Funds.*

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Any such charge on Switching does not constitute a separate charge payable by a Shareholder but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers <sup>2</sup>.

If a partial Switch would 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 Share 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 for this) or refuse to effect any Switch of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch or Conversion.

Written instructions must be received by the ACD before the Cut-Off Time in the Fund concerned, to be dealt with at the prices at the next Valuation Point on or at such other Valuation Point as the ACD, at the request of the Shareholder giving the relevant instruction, may agree.

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<sup>2</sup> For details of the charges on Switching currently payable, please see section 9.

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*Switching or Conversion requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Funds.*

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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 or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

**Please note that under UK tax law a Switch of Shares in one Fund for Shares in any other Fund will be treated as a redemption of the Original Shares and a purchase of New Shares.**

**It will, for persons subject to United Kingdom taxation, be a disposal of the Original Shares for the purposes of UK capital gains taxation and UK corporation tax on chargeable gains, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.**

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

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### 3.7 Suspension of Dealing

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The ACD may, with the prior agreement of the Depositary, or must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale, and redemption of Shares in any or all of the Funds, without prior notice to Shareholders.

Such suspension will be effected in accordance with the FCA Rules which currently permit a suspension if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so, having regard to the interests of the Shareholders in the Fund concerned.

If the redemption of Shares in a Fund is suspended, the obligations, relating to the creation, cancellation, issue, and redemption of Shares, contained in the FCA Rules, will cease to apply in respect of the Fund concerned.

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*The ACD will comply with as much of the obligations in the FCA Rules relating to the valuation and pricing of Shares as is practicable in the light of the suspension.*

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### 3.7.1 Shareholder Notification

Shareholders will be notified of any suspension as soon as practicable after suspension commences. Such notification will draw Shareholder's attention to the exceptional circumstances which resulted in the suspension and the ACD will keep Shareholders informed about the suspension and the likely duration.

The ACD and the Depositary will conduct a formal review of the suspension at least every **28 days** in accordance with the FCA Rules.

Where the ACD agrees during the suspension to deal in Shares, all deals accepted during, and outstanding prior to the suspension will be undertaken at a price calculated at the first relevant Valuation Point after the restart of dealings in Shares.

During any suspension, a Shareholder may withdraw his redemption notice provided that such withdrawal is in writing and is received before termination of the suspension.

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*Any notice not withdrawn will be dealt with on the next Dealing Day following the end of the suspension.*

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### 3.8 Pricing

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after a sale or redemption is agreed.

### 3.9 Publication of Prices of Shares

Prices of Shares will be published daily on the ACD's website at [www.courtiers.co.uk](http://www.courtiers.co.uk) and at [www.fundlistings.com](http://www.fundlistings.com).

The same information may also be obtained by telephone from the ACD by calling 01491 578368.

The price shown will be that calculated at the previous Valuation Point. As the ACD deals on a forward pricing basis, the price that appears on the websites may not necessarily be the same as the one at which the investors deal.

For reasons beyond the control of the ACD, this will not necessarily be the current price. The ACD cannot accept responsibility for the accuracy of the prices published by other financial companies or for the non-publication of prices.

The ACD may change the manner in which prices are published on **60 days** written notice to Shareholders.

### 3.10 Minimum Investment and Holding

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The minimum initial and subsequent investment limits and minimum holding limits in respect of each of the Funds are set out in Appendix 3.

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*No investor may transfer or redeem Shares of any Share Class if the transfer or redemption would cause the investor's holding amount of that Share Class to fall below the minimum holding amount.*

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The ACD may, in its discretion, accept a subscription of an amount which is below the minimum initial investment requirement or a redemption request that would cause the investor's holding in any Fund to fall below the minimum holding amount in respect of that Fund, as set out in Appendix 3.

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

### 3.11 In Specie Redemption

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If a Shareholder requests the sale or cancellation of Shares, the ACD may at its sole discretion, if it considers the deal substantial in relation to the total size of the Fund concerned, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder.

A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial, although the ACD may at its discretion agree an in-specie redemption with a Shareholder whose Shares represent less than 5% in value of the Fund concerned.

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

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must take reasonable care to ensure that the property concerned

would not be likely to result in any material prejudice to the interests of the Shareholders.

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*Any such redemption as set out above may be subject to a retention by the Company from that property (or proceeds), for the value (or amount) of any relevant transaction costs.*

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### 3.12 Restrictions and Compulsory Transfer and Redemption

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The ACD may from time to time impose such restrictions as it may think necessary to ensure that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory.

In this connection, the ACD may reject at its discretion any application for the purchase, sale, transfer, Conversion, or exchange of Shares.

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*Shares may not be held by a person who is classified as a Non-Qualified Person.*

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If it comes to the notice of the ACD that any Shares are or may be owned or held legally or beneficially by a Non-Qualified Person (“affected Shares”), the ACD may take action to rectify this.

This action will take the form of giving notice to the registered holder(s) of the affected Shares requiring either:

1. The transfer of such Shares to a person who is not a Non-Qualified Person;  
or
2. A request in writing for the redemption or cancellation of such Shares in accordance with the FCA Rules.

If any person upon whom such a notice is served does not, within **30 days** after the date of such notice:

1. Transfer the affected Shares to a person who is not a Non-Qualified Person or establish to the satisfaction of the ACD (whose judgement is final and binding) that he/she and the beneficial owner are not Non-Qualified Persons;  
or
2. Submit a request in writing for the redemption or cancellation of the Shares he/she shall be deemed upon the expiration of that 30-day period to have

given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares pursuant to the FCA Rules.

A person who becomes aware that they have acquired or hold affected Shares as described above shall forthwith, unless they have already received a notice from the ACD as above, either transfer the affected Shares to a person qualified to own them or give a request in writing for the redemption or cancellation of such Shares pursuant to the FCA Rules.

A Shareholder may transfer their Shares by an instrument of transfer in writing in any usual or common form or in any other form as may be approved by the ACD.

The ACD may decide to close any Share Class (a “closing class”) where, one year after the first issue of Shares in that Share Class or at any date thereafter the Net Asset Value of the closing class is less than £1 million or its equivalent in the base currency of the Fund to which the closing class relates, or the ACD decides it is desirable to close that Share Class.

In such an event, the ACD will offer to exchange the Shares in the Share Class held by a Shareholder for Shares of such other Share Class in respect of the same Fund as in the opinion of the ACD most nearly equates to, in its discretion, the closing class. Such exchange shall be done by applying the formula for exchanges as set out under the heading “Conversion and Switching” above.

### 3.13 Compulsory Redemption

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The Shares in any Fund may be compulsorily redeemed or cancelled in accordance with the Instrument of Incorporation, if the holding of any Shares by a Shareholder is, or is reasonably considered by the ACD to be, an infringement of any law or governmental regulations, or which would result in the Company incurring any liability to taxation or suffering any other adverse consequence.

### 3.14 Anti-Money Laundering

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Under current laws, firms conducting investment business are required to maintain procedures to combat money laundering. In order to implement these procedures, in certain circumstances Shareholders or potential Shareholders may be asked to provide some proof of identity. This may be either when shares are purchased or when Shares are encashed.

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*Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay income proceeds to an investor, or pay the proceeds of a redemption of Shares.*

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The ACD is legally obliged to verify your identity for anti-money laundering purposes. This may involve the ACD obtaining information about you from a credit reference agency, however, the ACD will use any information they obtain in this way only for verification of your identity, and not for any other purposes.

In the case of a purchase of Shares where the applicant is not willing to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

### 3.15 Market Timing Policy

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In general, market timing and late trading refers to the investment behaviour of a person or group of persons buying, selling, or exchanging Shares on the basis of predetermined market indicators.

Market timing may also be characterised by transactions that seem to follow a timing pattern or by frequent and/or large transactions in Shares.

The ACD does not knowingly allow investments which are associated with market timing and late trading activities, as these may adversely affect the interests of all Shareholders.

Accordingly, the ACD reserves the right to reject any application for exchanging and/or subscription of Shares from investors whom it considers to be associated with market timing activity.

In this connection the ACD may combine Shares which are under common ownership or control for the purposes of ascertaining whether investors can be deemed to be involved in such activities.

### 3.16 Transfers

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Subject to receipt of the ACD's consent, Shareholders may transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

At present, transfer of title by electronic communication is not accepted.

### 3.17 Governing Law

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The Company, the Instrument of Incorporation, this Prospectus, and any matters arising out of or in connection with a Shareholder's investment in the Company and the establishment, management and administration of the Company shall be governed by and construed in accordance with the laws of England and Wales.

The rights of the Shareholders and the construction and effect of the provisions of the Instrument of Incorporation and this Prospectus shall be subject to the exclusive jurisdiction of the courts of England and Wales.

All dealings in Shares are governed by English law.



### 4.1 Overview

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The Scheme Property is valued at each Valuation Point on each Dealing Day in order to determine the price at which Shares in the Funds may be purchased from or redeemed by the ACD and issued or cancelled by the Company.

Shares in the Company are **single-priced**, meaning that there will be one price at which an investor may buy and sell Shares as determined from time to time by reference to a particular Valuation Point.

The ACD reserves the right to carry out an additional valuation to the Scheme Property if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out an additional valuation.

The ACD has certain responsibilities in relation to the proper valuation of the Scheme Property, determination of the price of Shares and publication of the same. The ACD has appointed the Administrator to calculate the value of the Scheme Property and to determine the price of Shares in accordance with the Prospectus and the ACD's valuation policy as provided by the ACD to the Administrator.

#### 4.1.1 Net Asset Value

The Net Asset Value of the Scheme Property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1. All the Scheme Property (including receivables) of the Company (or the Fund) is to be included in the calculation, subject to the following provisions.
2. Scheme Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it has been practicable to obtain:
  - a) Units or shares in a collective investment scheme:
    - i) If a single price for buying and selling units or shares is quoted, at the most recent such price; or
    - ii) If separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been

increased by any exit or redemption charge attributable thereto:  
or

- iii) If, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available, or no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable.
- b) Exchange-traded derivative contracts:
    - i) If a single price for buying and selling the exchange-traded derivative contract is quoted, that price; or
    - ii) If separate buying and selling prices are quoted, at the average of the two prices.
  - c) Over-the-counter derivative contracts shall be valued on the basis of unrealised gain or loss on the contract using current settlement price. When settlement price is not used, the over-the-counter derivative contracts will be valued at their fair value in accordance with the method of valuation (as used on a consistent basis) as shall have been agreed between the ACD and the Depositary.
  - d) Any other investment:
    - i) If a single price for buying and selling securities is quoted, at that price; or
    - ii) If separate buying and selling prices are quoted, the average of those two prices: or
    - iii) If, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment.
  - e) Property other than that described in paragraphs (a), (b), (c) and (d) above, at a value which, in the opinion of the ACD represents a fair and reasonable mid-market price.
3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values unless in any case such amount is unlikely to be paid or received in full, in which case the value thereof is arrived at after the ACD makes such discount as it may consider appropriate in such case to reflect the true value thereof.
4. 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 payment made 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.

5. Subject to paragraphs 6 and 7 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 Value.
6. 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 5 above.
7. All agreements are to be included under paragraph 5 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.
8. An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; 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) tax on capital gains, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax and any foreign taxes or duties will be deducted.
9. An estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon treating periodic items as accruing from day to day will be deducted.
10. The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will also be deducted.
11. An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added. Any other credits or amounts due to be paid into the Scheme Property will be added. A sum representing any interest, or any income accrued, both on cash and interest-bearing securities, due or

deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received will be added.

12. Currencies or values in currencies other than the base 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.
13. Notwithstanding the foregoing, the ACD may, at its absolute discretion, use other generally recognised valuation principles in order to reach a proper valuation of the Net Asset Value of the Company or a Fund, in the event that it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above rules or it considers such principles better reflect the valuation of a security, interest or position and are in accordance with generally accepted accounting principles.

Where the ACD has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the ACD's best estimate of the value of the relevant investment at the relevant Valuation Point or no price or no recent price exists, the ACD may use a price which, in the opinion of the ACD reflects a fair and reasonable price for that investment (the fair value price).

The proportionate interests of each Share Class in the assets and income of the Fund shall be determined by the ACD as the proportion of the Scheme Property that is held by that Share Class at the end of the previous Dealing Day.

The proportion of assets and income allocated to each Share Class is made after allowing for the effect, including attributable taxation, of any charges and expenses made on bases which vary by Share Class.

Following the Initial Offer Period, the price per Share at which Shares are subscribed for or are redeemed is the Net Asset Value per Share (the "Price").

Any initial charge and/or dilution levy (see below) is payable in addition to the Price.

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*The Net Asset Value per Share of each Share Class will be arrived at by dividing the Net Asset Value attributable to that Share Class by the number of Shares of that Share Class.*

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## 4.2 Dilution Levy

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The actual cost of purchasing or selling assets and investments in the Funds may vary due to

- Dealing charges.
- Taxes.
- Any spread between buying and selling prices of that Fund's underlying investments.

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*These costs could have an adverse effect on the value of the Funds, known as "dilution".*

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In order to mitigate the effect of dilution the ACD may at its discretion require the payment of a dilution levy. If charged, the dilution levy will be shown in addition to (but not as part of) the price of Shares on their issue by the Company or sale by the ACD and as a deduction to the price of their Shares on their cancellation by the Company or redemption by the ACD.

The ACD has no entitlement to the dilution levy, which will either be paid into the relevant Fund, in the case of an issue of Shares by the Company or sale by the ACD or retained in the Fund in the case of a cancellation of Shares by the Company or redemption by the ACD.

The power to apply a dilution levy may only be exercised by the ACD for the purpose of reducing dilution in the Fund in question.

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*The dilution levy is not applied for the benefit of the ACD but is intended to mitigate the effects of dilution that would otherwise constrain the future growth of that Fund.*

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The need to apply a dilution levy will depend on the volume of net sales (where they are issued) or redemptions (where they are cancelled) of Shares. The ACD may apply a dilution levy on the issue and redemption of such Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be materially adversely affected, and if applying a dilution levy, so far as practicable, it is fair to all Shareholders and potential Shareholders.

In particular, the dilution levy may be applied in the following circumstances:

- On a Fund experiencing large levels of net purchases (purchases less redemptions) relative to its size; or
- On a Fund experiencing large levels of net redemptions (redemptions less purchases) relative to its size; or
- On “large deals”. For these purposes, a large deal is defined as a purchase or redemption in excess of 1% of the value of the Scheme Property; or
- In any other case where the ACD is of the opinion that the interests of existing/continuing Shareholders and potential Shareholders require the imposition of a dilution levy.

In order to reduce inconsistency in the application of any dilution levy, the ACD may take account of the trend of the Fund in question to expand or contract, and the transactions in Shares and a particular Valuation Point.

The ACD may alter its current dilution policy by amending this Prospectus and giving Shareholders at least 60 days prior notice before the change to the dilution policy is to take effect.

On the occasions that the dilution levy is not applied there may be an adverse impact on the total assets of the relevant Fund which may otherwise constrain the future growth of the Fund in question. It should be noted that, as dilution is directly related to the inflows and outflows of monies from a Fund, it is not possible to predict accurately whether or not dilution will occur at any particular future point in time and how frequently the ACD will need to charge such a dilution levy.

Based on the expected volume of transactions in the Company, the ACD estimates that the rate of any dilution levy (if charged) will be around 0.5%.

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*The ACD does not expect to require a dilution levy in normal circumstances.*

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### 5.1 Overview

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The ACD is Courtiers Asset Management Limited, a private company incorporated with limited liability in England and Wales under the Companies Act 2006 on 13 January 2014.

It has an issued and fully paid-up share capital of £499,999. The ACD's principal activity is acting as the authorised fund manager for collective investment schemes.

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

The directors of the ACD are:

Gabriella May Evans	Executive Director, Head of Investment & Fund Accounting
Gary Derek Reynolds	Executive Director, Chief Investment Officer
Jacob Edward Reynolds	Executive Director, Head of Asset Management
James Stewart Shepperd	Chief Executive Officer
Kevin Lee	Non-Executive Director
Stuart Charles Dyer	Non-Executive Director

The Company has no directors other than the ACD.

The ACD is also the authorised corporate director of the regulated collective schemes set out in Appendix 5.

### 5.2 ACD Agreement

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The ACD has been appointed under an agreement dated 7 October 2015 between the ACD and the Company (the “ACD Agreement”).

Pursuant to the ACD Agreement, the ACD shall manage and administer the Company in accordance with the Regulations, the Instrument of Incorporation, the Prospectus and any relevant legislation or regulation applicable to the ACD.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD, including the management, investment, and reinvestment of the property of each Fund in order to achieve the various investment objectives.

The ACD may delegate its management and administration functions to third parties including associates subject to the FCA Rules. The specific functions the ACD has delegated are set out below.

The ACD is entitled to receive initial and periodic charges as set out in the section of this Prospectus headed “Fees and Expenses”. The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed.

The ACD Agreement provides that the appointment may be terminated by the Company on six months’ written notice, to be given on an interim or final accounting date, or immediately if the ACD ceases for any reason to be the Company’s authorised corporate director.

The ACD may voluntarily terminate the ACD Agreement at any time, on written notice, however no such notice may take effect until the FCA has approved the appointment of another authorised corporate director in place of the ACD.

The ACD Agreement will also terminate on expiry of notice given by the Depositary in accordance with the COLL Sourcebook (liquidation, receivership, or an administration order in respect of the ACD).

The ACD is entitled to payment of its fees to the date of termination but no additional compensation.

The ACD Agreement provides that the Company will indemnify the ACD against any liability incurred by the ACD in carrying out its powers, duties, authorities, or discretions as authorised corporate director of the Company except to the extent such liability arises as a direct result of the fraud, negligence, wilful default, breach of duty or bad faith on the part of the ACD.

### 5.2.1 Delegation

The ACD is responsible for managing and administering the Company’s affairs in compliance with the FCA Rules. The ACD may delegate its management and administration functions (but not responsibility) to third parties, subject to the FCA Rules.

The ACD has delegated the calculation of the value of the Scheme Property, determination of the Price of Shares and the publication of the same to JTC Fund Solutions (Guernsey) Limited.

The ACD has delegated the registrar function to Courtiers Investment Services Limited.



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*The ACD remains responsible for ensuring that the persons to whom it delegates such functions, perform those delegated functions in compliance with the Regulations.*

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### 5.3 ACD's Remuneration Policy

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The ACD has adopted a remuneration policy in accordance with the requirements of the UCITS Directive (the “**Remuneration Policy**”). The Remuneration Policy is designed to ensure that the ACD's remuneration practices:

- Are consistent with and promote sound and effective risk management.
- Do not encourage risk taking that is inconsistent with the risk profiles of the Funds, the Instrument of Incorporation, or this Prospectus.
- Do not impair the ACD's compliance with its duty to act in the best interests of the Company and the Funds.
- Include fixed and variable elements of remuneration, including salaries and discretionary pension benefits.

The Remuneration Policy will apply to “**Remuneration Code Staff**”, being (in summary) those persons whose professional activities have a material impact on the risk profile of the ACD and the Company, including but not limited to, senior management and risk takers (such as, for example, portfolio managers).

Details of the Remuneration Policy, including a description of how remuneration and benefits are calculated, are available on the following website: [www.courtiers.co.uk](http://www.courtiers.co.uk).

A paper copy of the information will also be available (free of charge) on request from the ACD.

### 6.1 Introduction and Key Duties

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Under the terms of a Depositary Agreement, Citibank UK Limited (the “Depositary”) has been appointed as depositary of the Funds’ assets and the assets of the Funds have been entrusted to the Depositary for safekeeping.

The key duties of the Depositary consist of:

- Cash monitoring and verifying the Funds’ cash flows.
- Safekeeping of the Scheme Property.
- Ensuring that the sale, issue, re-purchase, redemption, cancellation, and valuation of Shares are carried out in accordance with the Instrument of Incorporation constituting the Funds, the Prospectus, and applicable law, rules, and regulations.
- Ensuring that in transactions involving Scheme Property any consideration is remitted to the Funds within the usual time limits.
- Ensuring that the Funds’ income is applied in accordance with Instrument of Incorporation constituting the Funds, the Prospectus, applicable law, rules, and regulations, and
- Carrying out instructions from the ACD unless they conflict with the Instrument of Incorporation, the Prospectus, or applicable law, rules, and regulations.

### 6.2 Information about the Depositary

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The Depositary is Citibank UK Limited, a private limited company incorporated in England with registered number 11283101.

The registered office and head office of the Depositary is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The Depositary is authorised by the Prudential Regulation Authority (PRA) and is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority.

The Depository's ultimate holding company is Citigroup Inc., a company which is incorporated in New York, USA.

### 6.2.1 Terms of Appointment

The Company, the ACD and the Depository are all parties to a legal agreement appointing the depository dated 22 July 2014 as novated on 1 October 2021 (“The Depository Agreement”).

The Depository Agreement may be terminated by not less than 90 days written notice provided that no such notice shall take effect until the appointment of a successor to the Depository.

The Depository Agreement provides indemnities to the Depository from the Company against costs, charges, losses, and liabilities incurred by it (or its associates) in the proper execution, or in the purported proper execution, or exercise (reasonably and in good faith) of its duties, powers, authorities, and discretions of the Company, except where it has failed to exercise due care and diligence).

The Depository is entitled to receive remuneration out of the Scheme Property for its services, as explained in Section 9 Depository's Remuneration and Expenses paragraph 9.2.4.

Shareholders may request an up-to-date statement regarding any of the information set out above from the ACD.

### 6.3 Liability of the Depository

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As a general rule the Depository is liable for any losses suffered as a result of the Depository's negligent or intentional failure to properly fulfil its obligations except that it will not be liable for any loss where:

- The event which has led to the loss is not the result of any act or omission of the Depository (or a such third party to whom safe custody has been delegated).
- The Depository could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depository as reflected in common industry practice; and

- Despite rigorous and comprehensive due diligence, the Depositary could not have prevented the loss.

However, in the case of loss of a financial instrument by the Depositary, or by a third party to whom safe custody has been delegated, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay unless it can prove that the loss arose as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

#### 6.4 Delegation of Safekeeping Function

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Under the terms of the Depositary Agreement, the Depositary has the power to delegate its safekeeping functions.

As a general rule, whenever the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary.

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*The use of securities settlement systems does not constitute a delegation by the Depositary of its functions.*

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#### 6.5 Conflicts of interest

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Actual or potential conflicts of interest may also arise between the Company, the Shareholders or the ACD on the one hand and the Depositary on the other hand.

##### 6.5.1 Non-exclusive Services

The Depositary may act as the depositary of other investment funds. The Depositary may have other clients whose interests may conflict with those of the Company, the Shareholders or the ACD.

##### 6.5.2 Affiliates

From time-to-time conflicts may arise from the appointment by the Depositary of any of its delegates.

The Depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed.

Citibank NA and any other delegates are required to manage any such conflict having regard to the FCA Handbook and its duties to the Depositary and the ACD.

### 6.5.3 Conflicting Commercial Interests

The Depositary (and any of its affiliates) may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to the Company.

This includes circumstances in which the Depositary or any of its affiliates or connected persons:

- Acts as market maker in the investments of the Company.
- Provides broking services to the Company and/or otherwise provides services to the issuer of the investments of the Company.
- Acts in the same transaction as the agent for more than one client.
- Has a material interest in the issue of the investments of the Company.
- Earns profits from or has a financial or business interest in any of these activities.

### 6.5.4 Management Conflicts

The Depositary has a conflict-of-interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest.

The Depositary has a functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed, and monitored.

## 6.6 GDPR

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The Depositary's Markets and Securities Services Privacy Statement details the collection, use and sharing of Shareholders' personal information by the Depositary in connection with Shareholders' investment in the Company.

The Depository's Markets and Securities Service Privacy Statement may be updated from time to time and readers should confirm that they hold the latest version which can be found at

[https://www.citibank.com/icg/global\\_markets/docs/Markets\\_and\\_Securities\\_Services\\_Privacy\\_Statement\\_ENG\\_21\\_12\\_20.pdf](https://www.citibank.com/icg/global_markets/docs/Markets_and_Securities_Services_Privacy_Statement_ENG_21_12_20.pdf).

Any Shareholder who provides the ACD and its agents with personal information about another individual (such as a joint investor), must show the Depository's Markets and Securities Services Privacy Statement to those individuals.

The Company has appointed JTC Fund Solutions (Guernsey) Limited to provide fund administration services to the Company pursuant to an administration agreement between the Company, the ACD and the Administrator dated as of 26th October 2015 (the “Administration Agreement”).

The principal activities of the Administrator are,

- To provide fund accounting services.
- To calculate the value of the Scheme Property.
- To determine the price of Shares in accordance with this Prospectus and the ACD’s valuation policy as provided by the ACD to the Administrator and
- To publish the same.

The Administrator shall be liable for any liabilities, claims, obligations, losses, damages, fines, penalties, judgements, costs, or expenses (including reasonable legal costs and expenses) of any kind or nature that may be imposed on or incurred by any person (“Loss”) incurred or suffered by the ACD and/or the Company by reason of the Administrator’s wilful default, fraud, negligence, or breach of the Administration Agreement.

The Administrator shall not in any event be liable for indirect, special, or consequential Loss of any kind whatsoever or for any loss of profits, revenue, goodwill or anticipated savings.

The Company and the ACD jointly and severally agree to indemnify and hold harmless the Administrator, its directors, officers, employees and agents against any Loss, arising from the Administrator’s reliance on information provided to it by or on behalf of the ACD or the Company in certain circumstances, except to the extent that they are incurred as a result of negligence, fraud, wilful default or breach of this Agreement by the Administrator or any of its directors, officers, employees or agents.

The Auditor of the Company is Ernst & Young LLP of Ten George Street, Edinburgh, EH2 2DZ.

The ACD has entered into an engagement letter with the Auditor whereby the Auditor agrees to provide annual audit services to the Funds.

The Auditor will also audit the Company and the Company's financial statements in accordance with Schedule 5 of the Open-ended Investment Companies Regulations 2001 and COLL, the Statement of Recommended Practice relating to the Authorised Funds issued by the Investment Association, the Instrument of Incorporation, and the Prospectus.



Any fees, charges, and expenses payable by a Shareholder or out of the Scheme Property are set out in this section.

## 9.1 Payments out of the Scheme Property – General

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### 9.1.1 Cap on Administration Charges

In order for the Share Classes in the Funds to be an eligible investment for a Default Arrangement within a Qualifying Scheme, all fees, and charges, with the exception of the Annual Management Charge (“AMC”) that are regarded as “administration charges” for the purposes of the FCA Rules, shall be met by the ACD.

The Annual Management Charge (as set out below) may be charged to the Scheme Property of the Funds in accordance with the provisions of this section, however, such charges shall be capped at the limits set out in Rule 19.6.6 and Rule 19.6.7 of the FCA’s Conduct of Business Sourcebook.

For the avoidance of doubt, any costs incurred by the Funds **directly** as a result of buying, selling, lending, or borrowing investments (such as dealing commissions, transaction taxes, spreads, custody costs (including any custody costs and charges paid by the Depositary to the Custodian) and other such costs embedded in the transaction prices) are not regarded as administration charges for the purposes of the FCA Rules and therefore shall not be subject to the aforementioned cap.

### 9.1.2 Permitted Charges

Subject to the cap on administration charges outlined above, the Company or a Fund (as the case may be), may pay out of the Scheme Property all fees, costs, charges, and expenses incurred by the Company or a Fund (as the case may be), including the following:

- Charges relating to the creation and authorisation of a new Fund or Share Class.
- The fees and expenses payable to the ACD and to the Depositary (which will include the fees and expenses payable to the Custodian).
- Broker’s commission, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds and normally

shown in contract notes, confirmation notes and difference accounts as appropriate.

- Transaction costs, including, without limitation, fees and/or expenses incurred in acquiring, registering, transferring, and disposing of investments.
- Royalties, licensing fees and other like payments in relation to the use of intellectual property.
- Any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company.
- Any fees of any stock lending agent in relation to the entry into stock lending arrangement or repurchase/reverse repurchase contracts for the account of a Fund in accordance with the FCA Rules.
- Expenses incurred by the Company in respect of any movable and immovable property in which the Company has an interest.
  - Currently the ACD does not intend for the Company to hold any such interests.
- Any costs incurred by the Company associated with independent risk monitoring or daily “value at risk” or “VaR” calculations.
- Any costs incurred by the Company in publishing the prices of Shares, including the costs of listing the prices of Shares in publications and information services selected by the ACD, in whatever medium.
- The costs of printing and distributing reports, accounts, statements, contract notes and other like documentation, any prospectuses (including the preparation, but not the distribution, of the key investor information document), any instrument of incorporation and any costs incurred as a result of periodic updates of or changes to any prospectus or instrument of incorporation and any other administrative expenses.
- Payments, costs, or any other administrative expenses in relation to the preparation of and dissemination of literature required or necessary for the purpose of complying with the Regulations or any other applicable law or

regulation (excluding the cost of disseminating any KIID or equivalent documentation).

- The periodic fees of the FCA in respect of the Company as may be prescribed under the Financial Services and Markets Act 2000 (as amended), or any relevant regulations made thereunder and any payments otherwise due by virtue of the FCA Rules or the corresponding fees of any regulatory authority in a country or territory outside the UK in which the Shares are or may be marketed and the costs involved in registering the Company or a Fund in a country or territory outside the UK (including translations and the fees and expenses of any paying agents, information agents or other entities which are required to be appointed by any regulatory authority).
- Any costs incurred in modifying the Instrument of Incorporation, including costs incurred in respect of meetings of Shareholders convened for purposes which include the modification of the Instrument of Incorporation where the modification is necessary to implement changes in the law, or necessary as a direct consequence of any change in the law, or expedient having regard to any change in the law made or to remove obsolete provisions from the Instrument of Incorporation.
- Expenses incurred in producing, distributing, and dispatching income and other payments to Shareholders.
- Fees in respect of the publication and circulation of details of the Net Asset Value and prices.
- Fees and expenses payable to the Registrar in respect of establishing and maintaining the register of Shareholders, any sub-register of Shareholders and any plan register.
- Any costs incurred in or about the listing of Shares in the Company on any stock exchange, and the creation, conversion, and cancellation of Shares.
- Any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or in any other media.

- Any costs incurred in producing and dispatching any payments made by the Company, or the annual and interim reports of the Company.
- Any fees, expenses, or disbursements of any legal or other professional adviser of the Company, including the costs of employing tax reporting agents or other providers of services designed to achieve particular preferential tax treatment in any jurisdiction.
- Any fees, expenses or disbursements of any investment adviser or other professional adviser of the Company and those of the Company's sub-advisers, including for the avoidance of doubt and without limitation, fees paid for the provision of information and data services (including computer terminals) and independent risk management systems to the ACD in connection with its investment management function.
- All fees in relation to the monitoring of collateral.
- Any costs incurred in taking out and maintaining any insurance policy in relation to the Company.
- 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.
- Liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Funds in consideration for the issue of Shares as more fully detailed in the COLL Sourcebook.
- Interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- Taxation and duties payable in respect of the property of the Funds or the issue or redemption of Shares, including stamp duties or other taxes or duties in relation to the transfer to the Company of assets acquired in exchange for the issue of Shares or in relation to the redemption of Shares.
- The audit fees of the Auditor (including VAT) and any expenses of the Auditor.

- Any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company.
- Any payments otherwise due by virtue of the Regulations.
- Any VAT or similar value added tax relating to any charge or expense set out herein.

The ACD pays any distributors appointed from time to time out of the fees it receives from the Company.

### 9.1.3 Costs Relating to Efficient Portfolio Management

Certain direct and indirect operational costs and/or fees may arise from time to time as a result of efficient portfolio management techniques being used for the benefit of the Company and/or the Funds (as described in Appendix 1 to this Prospectus).

These costs (where incurred by a Fund) are regarded as necessary to incur in effecting transactions for the Fund concerned and shall therefore be paid out of the Scheme Property of the relevant Fund.

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*Further details on the payment of costs and/or fees relating to efficient portfolio management techniques will be set out in the Company's annual report.*

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### 9.1.4 Allocation of Assets, Charges and Expenses to Funds

All fees, duties, charges, and expenses (other than any borne by the ACD) are charged to the Fund in which they were incurred. However, where they are not attributable to a particular Fund, they will be allocated among the Funds in a manner which the ACD considers is fair to the Shareholders generally.

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*The costs of authorisation of any new Fund may be borne by that Fund at the discretion of the ACD.*

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## 9.2 Payments to Service Providers

### 9.2.1 ACD's Annual Management Fee

The ACD is entitled to make a periodic charge (the "Annual Management Charge") which shall be paid out of the Scheme Property of the relevant Fund twice monthly in arrears at the annual percentage rate shown in Appendix 3.

The Annual Management Charge is calculated and accrued daily, based on the value of the Scheme Property of the relevant Fund at the preceding Valuation Point.

The Annual Management Charge will be deducted from the capital property of a Fund. Shareholders should note that, where a Fund treats the Annual Management Charge as a capital charge, this will constrain the capital growth of the relevant Fund.

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*The ACD may not increase the Annual Management Charge save in accordance with the FCA Rules (see below).*

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### 9.2.2 Expenses of the ACD

The Company may also pay to the ACD out of the Scheme Property any expenses incurred by the ACD, or its delegates of the kinds described above under “**Payments out of the Scheme Property - General**” including.

- Legal and professional expenses of the ACD and its delegates in relation to the proper performance of the ACD’s duties under the ACD Agreement or related to documents amending the ACD Agreement.
- All expenses incurred in preparing valuations of Scheme Property and publishing prices of Shares.
- All postage and communication costs incurred in the proper performance of duties under the ACD Agreement.
- All expenses incurred in producing any Prospectus and/or KIID, in distributing any Prospectus (not including any KIID).
- Any expenses of the ACD in buying or selling Shares (but excluding any commissions or similar payments as the Company is prohibited from making under the FCA Rules).

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*The ACD’s expenses, other than transaction related expenses, are currently paid out of the Annual Management Charge.*

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### 9.2.3 Increase in Charges

An increase in payments to the ACD, any other director or an associate, or otherwise which are material changes may only be made by the ACD after:

- Giving **60 days** written notice to Shareholders; and

- Revising the Prospectus to reflect the proposed increase.

#### 9.2.4 Depositary's Remuneration and Expenses

The Depositary receives for its own account a periodic charge (the “**Depositary Charge**”) which will accrue monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month. It is payable within seven days after the last business day in each month.

The Depositary Charge is calculated daily by reference to the Net Asset Value of each Fund at the preceding Valuation Point except for the first accrual which is calculated by reference to the first Valuation Point of each Fund. The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last business day of the month in which that day falls.

The Depositary Charge will be at such annual percentage rate (before VAT) of the value of the property of the Fund(s) as the ACD and Depositary may from time to time agree, and subject to a minimum fee of £20,000 per Fund per annum.

Subject to this minimum the charge is otherwise calculated on a sliding scale for each Fund on the following basis:

- 3.00 basis points (0.0300%) per annum for a NAV of £0 to £100 million.
- 2.00 basis points (0.0200%) per annum for the portion of NAV between £100 million and £250 million.
- 1.50 basis points (0.0150%) per annum for the portion of NAV over £250 million.

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*These rates may be amended from time to time in accordance with the FCA Rules.*

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All charges are subject to an addition for VAT (if any). The rate of the Depositary Charge may be increased up to a maximum of 50 basis points (0.50%) of the value of the Scheme Property for each Fund.

Separately, the Depositary receives a custody fee which accrues on the same basis as its periodic fee. Custody charges vary from country to country (usually between 0.0075% and 0.60% per annum) depending on the markets and the value of the stock involved.

The Depositary has delegated its custodial duties to the Custodian. The Depositary shall be responsible for the Custodian fees.

The remuneration payable to the Depositary out of the property attributable to each Fund for its services also includes transaction charges. Transaction charges vary from country to country, dependent on the markets and the value of the stock involved, they are subject to a current range of £6 to £150, accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD.

In addition to the fees and charges payable to the Depositary referred to above, the amount payable to the Depositary out of the property attributable to any Fund by way of reimbursement for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the Regulations or the FCA Rules) referable to (but not limited to):

- i) Custody of assets (including overseas custody services).
- ii) The acquisition holding and disposal of property.
- iii) The collection and distribution to Shareholders of dividends, interest, and any other income.
- iv) The maintenance of distribution accounts.
- v) The conversion of foreign currency.
- vi) Registration of assets in the name of the Depositary or its nominee or agents.
- vii) Borrowings, stock lending or other permitted transactions.
- viii) Communications with any parties (including telex, facsimile, SWIFT and electronic mail);
- ix) Taxation matters.
- x) Insurance matters.
- xi) Dealings in derivatives.
- xii) Costs and charges relating to banking and banking transactions.
- xiii) Preparation of the Depositary's annual report.
- xiv) Taking professional advice.



- xv) Conducting legal proceedings.
- xvi) The convening and/or attendance at meetings of Shareholders.
- xvii) Modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.

Any material increase to the Depositary's fees and charges as set out above is subject to the agreement of the Depositary and ACD. If the change materially increases the payment out of a Fund, 60 days prior written notice will be given to Shareholders.

The Depositary may also be paid by the Company out of the property attributable to each Fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the FCA Rules or by the general law.

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*The Depositary Charge, except transaction related custody fees, is currently paid by the ACD out of its Annual Management Charge.*

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The Depositary shall be entitled to recover its fees, charges, and expenses when the relevant transaction or other dealing is effected, or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.

On a winding up of the Company, the termination of a Fund or the redemption of a Share Class, 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.

No compensation for loss of office is provided for in the agreement with the Depositary.

Subject to current HMRC regulations, VAT at the prevailing rate may be payable in addition to the Depositary's remuneration, the custody fee, and the above expenses.

#### 9.2.5 Administrator's Fee

The Administrator is entitled to receive out of the Scheme Property, fees for its services as Administrator to cover administration and accounting for the Funds. The Fund Administration Charge, paid to the Administrator, is charged in respect of each Fund

as a percentage of the NAV of each Fund payable monthly in arrears. The charge is currently:

- 3.5 basis points (0.0350%) per annum for a NAV of £0 to £500 million.
- 2.5 basis points (0.0250%) per annum for a NAV of £500 million to £750 million.
- 1.5 basis points (0.0150%) per annum where the NAV is £750 million to £1,000 million.
- 1 basis point (0.0100%) per annum where the NAV is £1,000 million or more.

All charges are subject to an addition for VAT, where applicable.

Subject to an overall minimum fee of £75,000 per annum applied pro-rata between the 4 Funds. The minimum fee will increase by £25,000 for each additional Fund thereafter.

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*The Fund Administration Charge is currently paid by the ACD out of its Annual Management Charge.*

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### 9.3 Dealing Charges

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#### 9.3.1 Initial and Redemption Charges

The ACD may apply an initial charge to Shareholders on the issue of Shares but does not currently intend to do so.

The ACD may apply a redemption charge to Shareholders on the redemption of Shares in the Company but does not currently intend to do so.

The ACD may not introduce an initial or redemption charge on existing Share Classes unless, not less than **60 days** before the introduction, it has given notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.

No such newly introduced redemption charge will apply to Shares already in existence at the time it is introduced.

#### 9.3.2 Switching/Conversion Fee

The ACD may charge an exchange fee when Shares of a Fund are Converted or Switched, provided that such fee does not exceed the maximum percentage rate of

initial charge for the new Shares. Please see “[Conversion and Switching](#)” in Section 3 above.

### 10.1 Meetings

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The Company does not hold annual general meetings.

The ACD and the Depositary may requisition an extraordinary or general meeting at any time. Shareholders may also requisition an extraordinary or a general meeting of the Company. A requisition by Shareholders must state,

- The objectives of the meeting.
- Be dated, and signed by Shareholders who, at the date of the requisition, are registered as holding not less than **one-tenth** in value of all Shares then in issue.
- The requisition must be deposited at the head office of the Company.

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*The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.*

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### 10.2 Notice of Quorum

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Shareholders will receive at least **14 days'** notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy.

The quorum for a meeting is **two** Shareholders, present in person or by proxy.

The quorum for an adjourned meeting is two Shareholders present in person or by proxy although this may be reduced to one person present at the meeting if two Shareholders are not present after a reasonable time.

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*Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.*

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### 10.3 Voting Rights

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

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

A Shareholder entitled to more than one vote need not, if that Shareholder votes, use all votes or cast all the votes used in the same way.

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*For joint Shareholders only the vote of the first named in the register of Shareholders can be taken.*

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

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

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

#### 10.4 Fund and Share Class Meetings

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The above provisions, unless the context otherwise requires, apply to meetings of Funds and Share Classes as they apply to general meetings of Shareholders.

#### 10.5 Variations to the Company

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Certain changes to the Company require the prior approval of a Meeting of Shareholders, in accordance with the FCA Rules. In certain circumstances, the FCA Rules require that a resolution be passed as an **extraordinary** resolution, which 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 and against the resolution.

In other cases, a resolution may be passed by a simple majority of the votes validly cast for and against the resolution.

When such approval is not required by the FCA Rules, the ACD may make changes to the Prospectus or the Instrument of Incorporation without the approval of Shareholders.

In such circumstances, Shareholders will be notified appropriately in accordance with the FCA Rules.

However, the rights attached to a Fund or Share Class in the Instrument of Incorporation may not be varied without the sanction of a resolution passed at a meeting of Shareholders of that Share Class or Fund (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed).

### 11.1 Termination of a Fund

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A Fund may be terminated:

- If an extraordinary resolution of the Shareholders is passed to that effect; or
- On the date of effect stated in any agreement by the FCA to a request by the ACD for the termination.

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*Eligible registered Shareholders will be informed in writing if a Fund is terminated or has its authorisation revoked by the FCA.*

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Termination of a Fund commences upon the later of the time for termination of the Fund determined in accordance with the above circumstances and the time at which the FCA, having been supplied with a statement confirming the solvency of the Fund, approves, pursuant to the OEIC Regulations, the necessary changes to the Instrument of Incorporation and this Prospectus which would result from the termination of the Fund.

On the termination of a Fund (other than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the Fund falls to be terminated to realise the property of the Fund and pay the liabilities of the Fund out of the proceeds.

Provided that there are sufficient liquid funds in the Fund property available after making adequate provision for the expenses of the termination and the discharge of the liabilities remaining to be discharged, the ACD may arrange for the Depositary to make one or more interim distributions out of the property of the Fund to the Shareholders proportionately to the right to participate in the Fund property attached to their respective Shares as at the date of the commencement of the termination.

When the ACD has caused all the Fund property to be realised and all of the liabilities known to the ACD to be met, the ACD shall arrange for the Depositary to make a final distribution on or prior to the date on which the termination account is sent to Shareholders, of the balance remaining (net of a provision for any further expenses of the termination) to the Shareholders in the proportions stated above.

If a Fund is to be terminated in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to terminate the Fund in accordance with the resolution of holders approving such a scheme.

Where the Company and one or more Shareholders (other than the ACD) agree, the requirement to realise the property of a Fund shall not apply to that part of the property which is proportionate to the right of that or those Shareholders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears appropriate to the ACD for ensuring that that or those Shareholders bear a proportionate share of the liabilities and expenses.

Where any sum of money (including unclaimed distributions) still stands to the account of the property of the Fund, the ACD shall instruct the Depositary to retain such sum in an account separate from any other part of the property of the Company in accordance with the FCA Rules. On a winding-up of the Company, the Depositary shall cease to hold those amounts as part of that account, and they shall be paid by the Depositary into court in accordance with the OEIC Regulations.

## 11.2 Winding-up of the Company

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The Company is to be wound-up:

- If an **extraordinary** resolution of holders is passed to wind-up the Company; or
- When the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires or any event occurs, for which the Instrument of Incorporation provides that the Company is to be wound up; or
- On the date of effect stated in any agreement by the FCA in response to a request by the ACD for the winding up of the Company, albeit that such agreement is subject to there being no material change in any relevant factor prior to the date of the revocation.

The Company may only be wound-up under the FCA Rules if the Company is solvent and there is no vacancy in the position of the ACD.

If the Company is insolvent, or there is such a vacancy, the Company may only be wound-up under **Part V of the Insolvency Act 1986** as an unregistered company.



On a winding-up (other than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the time the Company falls to be wound-up, to realise the property of the Company and pay the liabilities of the Company out of the proceeds. Liabilities of the Company attributable to a particular Fund shall be met to the extent possible out of the property attributable or allocated to such a Fund.

After making adequate provision for the expenses of the winding-up and the discharge of the liabilities of the Company remaining to be discharged, the ACD may arrange for the Depositary to make one or more interim distributions, and then a final distribution of the proceeds of the realisation of the property attributable or allocated to each Fund to the holders in each Fund, proportionately to the right to participate in the Scheme Property attached to their respective Shares.

If the Company is to be wound-up in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to wind-up the Company in accordance with a resolution of holders approving such scheme.

Where the Company and one or more Shareholders (other than the ACD) agree, the requirement to realise the property of the Company shall not apply to that part of the property which is proportionate to the right of that or those Shareholders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears to the ACD appropriate for ensuring that that or those Shareholders bear a proportionate share of the liabilities and expenses.

If any sum of money is unclaimed or stands to the account of the Company at the date of its dissolution, the ACD shall arrange for the Depositary to pay such sum into court within one month after that date in accordance with the OEIC Regulations.

### 12.1 Reports and Accounts

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The annual report in respect of the Company will be published within four months of the end of the annual accounting period, which ends on 30<sup>th</sup> September. The accounts contained in the annual and half yearly reports will be prepared in accordance with the FCA Rules and the Statement of Recommended Practice for Financial Statements of Authorised Funds.

A copy of the long report and accounts is available, free of charge, on request from the ACD.

### 12.2 Income Allocations

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The Company's annual accounting period ends on 30<sup>th</sup> September in each year. The interim accounting periods (if any) are set out in Appendix 3.

#### 12.2.1 Accumulation Shares

Allocation of income to holders of any Accumulation Shares that may be issued will be transferred to the **capital** property of each Fund as at the end of the relevant distribution period (annual or interim) and be reflected in the value of Shares on the first Business Day following that distribution period.

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*No distributions are made to Shareholders nor are additional Shares issued in lieu of distributions.*

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The price of Shares therefore remains unchanged at the ex-accumulation date. Shareholders will nonetheless be liable to United Kingdom taxation in the same manner, and to the same extent, as if the income accumulated for their benefit had instead been distributed to them. An appropriate tax voucher will be issued to each Shareholder of Accumulation Shares in respect of the amount of income accumulated for his benefit in any accounting period.

#### 12.2.2 Income Shares

Holders of Income Shares will be entitled to an annual and, where prescribed, interim distributions in respect of each annual accounting period. The distribution dates (interim and annual) are shown in Appendix 3.

In the case of each **interim** distribution, holders of Shares will be entitled to that portion of the income of the Fund for the interim accounting period attributable to the holders of the Shares.

In the case of each **annual** distribution, holders of Shares will be entitled to the portion of the income of the Fund for the whole accounting period attributable to holders of the Shares less the amount of any interim distribution. In relation to Income Shares, payment will be made on or before the interim and/or annual income allocation date by **electronic transfer**.

Unclaimed distributions will be held by the ACD as client money. Any distribution of income that is unclaimed for a period of six years after having become due for payment, shall be forfeited, and shall revert to the Fund to which such distribution relates.

Income equalisation will not be operated in relation to the Funds.

### 12.3 How Distributable Income is Determined

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The income available for distribution or accumulation in relation to a Fund is determined in accordance with the FCA Rules.

In general terms, the income comprises all the sums deemed by the Company, after consultation with the Auditors of the Company, to be income in nature and received or receivable by the Company and attributable to the Fund in respect of the distribution period concerned, after deducting charges and expenses paid or payable out of such income and after making such adjustments in relation to taxation and other matters.

The allocation of income to each Share Class is made after allowing for the effect, including attributable taxation, of any charges or expenses made on income which may vary by Share Class.

Income relating to a Fund is allocated at each Valuation Point among Share Classes linked to the Fund in proportion to the value of each Share Class relative to the value of the entire Fund as at the immediately preceding Valuation Point including any Share Class issue and cancellation movements and excluding the effect of any Share Class specific withholding tax liabilities, applied at the immediately preceding Valuation Point.

With the agreement of the Depositary, individual amounts of income of **£10** or less may not be paid out to the holders of Income Shares.

## 12.4 Inspection of Documents

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The following documents may be inspected free of charge during normal working hours on each Dealing Day at the offices of the ACD:

- The most recent annual and half-yearly reports of the Company.
- The Prospectus.
- The Instrument of Incorporation.
- The KIIDs of each Fund.
- The material contracts referred to below.

Shareholders may also obtain copies of the Prospectus and KIIDs from the ACD. **The ACD may make a charge at its discretion for copies of the material contracts.**

Copies of the other documents are available free of charge. Further information may be available for some of the Funds on specific enquiry to the ACD.

## 12.5 Register of Shareholders

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The Register of Shareholders for the Fund of the Company can be inspected at the offices of the ACD at: 18 Hart Street, Henley-on-Thames, Oxfordshire, RG9 2AU.

## 12.6 Notices

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Any notice or document required to be sent or served to Shareholders will be sent either by post to the address as most recently notified to the Company and as entered on the Register of Shareholders, or electronically to the email address most recently notified to the Company (where a Shareholder has consented to the receipt of documents and notices electronically), at the ACD's discretion.

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*All documents and remittances are sent at the risk of the Shareholder.*

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## 12.7 Material Contracts

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The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- The ACD Agreement between the Company and the ACD.
- The Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under the sections 'Authorised Corporate Director' and 'Depositary'.

## 12.8 Complaints

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If you wish to make a complaint about any aspect of the service you have received, please contact the ACD.

Any complaint regarding the operation or marketing of a Fund or the Company should be sent to the Compliance Officer at the ACD's office.

If unsatisfied, a Shareholder who is an "Eligible Complainant" (i.e., natural persons, micro-enterprise, or certain charities or trustees of a trust) also has the right to refer any complaints against the ACD or the Depositary to:

The Financial Ombudsman Service at Exchange Tower, London, E14 9SR.

## 12.9 Investor Compensation Scheme

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Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("FSCS") if they have claims against the ACD, Depositary or another FCA authorised service provider which is in default. There are limits on the amount of compensation available.

Further information about the FSCS is available from the ACD and at [www.fscs.org.uk](http://www.fscs.org.uk)

## 12.10 Strategy for Exercise of Voting Rights

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The ACD has a strategy for determining if, when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund.

A summary of this strategy is available on request from the ACD, as are the details of the actions taken on the basis of this strategy in relation to each Fund.

## 12.11 Provision of Investment Advice

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All information concerning the Company, the Funds and about investing in Shares is available from the ACD.

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*However, the ACD is not authorised to give investment advice and persons requiring such advice should therefore consult their professional financial adviser.*

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All applications for Shares are made solely on the basis of the current Prospectus of the Company, and investors should ensure that they have the most up to date version.

## 12.12 Telephone Recordings

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Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

## 12.13 Indemnity

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The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary (each an "Indemnified Person") against any liability incurred by any one of them in defending proceedings (whether civil or criminal) for negligence, default, breach of duty or breach of trust, in each case in relation to the Company in which judgment is given in favour of the Indemnified Person or if such Indemnified Person is acquitted or in connection with any application under Regulation 63 of the OEIC Regulations in which relief is granted to such Indemnified Person by the court; and the indemnity shall not apply to any liability to the extent that it is recovered from another person.

## 12.14 Data Protection

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The information provided by an applicant on an application form (or afterwards) will be held and processed by the Registrar and/or the ACD as "data controller" for the purposes of the General Data Protection Regulation.

### 12.14.1 Purposes of Processing and Legal Basis for Processing

The ACD and/or Registrar (or any of their affiliates, employees, delegates, or sub-contractors) may hold and process personal data as necessary to pursue our legitimate business and other interests, for the following reasons:

- To facilitate the opening of your account with the ACD, for the administration and operation of an applicant's investment and any related account on an on-going basis (including, for example, registration and distribution purposes, redemption, switching between Funds, transfer, and subscription requests).
- To carry out checks for anti-money laundering purposes and related actions which the ACD considers appropriate to meet any regulatory and statutory requirements imposed on it or the Funds' legitimate interests.
- To report tax related information to tax authorities in order to comply with a legal obligation.

- To communicate with third parties such as service providers of the ACD or the Funds, auditors, technology providers, as part of our outsourcing services or legal obligation imposed on the ACD or the Funds.
- To update and maintain our records, including carrying out any investigations (where necessary) and respond to incidents relating to the Funds or ACD.

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*Other than as noted above, the ACD will not provide any other third party with any information about a Shareholder unless that Shareholder has given consent or unless the ACD is required to do so by law.*

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#### 12.14.2 Recipients of Data and International Transfer of Data

The ACD may disclose your personal information to other companies in its group, to the Funds' third-party service providers for use for any of the above purposes. Such third-party agents may be in countries located outside of the European Economic Area (EEA).

When information is being processed outside of the EEA, we ensure that any legal agreements with those third-party service providers provide at least an equivalent level as would be applied by UK / EEA data privacy laws.

Where an authorised financial adviser acts on a Shareholder's behalf, the ACD will disclose information concerning the Shareholder's investment to that financial adviser.

Personal information may also be shared with competent authorities (including tax authorities) and bodies required by law or requested, to affiliates for internal investigations and reporting.

#### 12.14.3 Retention Period

The ACD will retain your personal data on our systems for as long as is necessary to provide the agreed service or products and/or required for the Funds. Personal data is stored in line with legal and regulatory guidelines, this includes the requirement to record all telephone calls relating to instructions regarding transactions.

The length of time that personal information will be retained will vary depending on the legal or regulatory obligations that the ACD needs to meet. Information that is no longer needed is destroyed securely or anonymised (i.e., can no longer be identified as being your personal data).

#### 12.14.4 Data Subject Rights

You have rights as an individual which you can exercise in relation to the information, we hold about you. Those rights include:

- **Right to be informed** – you have a right to receive clear and easy to understand information on what personal information we hold, why and who we share it with.
- **Right of access** – you can ask us for a copy of the information we hold about you. This is done by making a subject access request in writing to our registered office.
- **Right to request rectification** – you can ask us to correct your personal data if it is inaccurate or incomplete.
- **Right to request erasure** – you can ask for your information to be deleted or removed, unless we are required to retain the data for overriding legal, regulatory, or contractual purposes.
- **Right to restrict processing** – you can ask that we stop processing your personal information if you are concerned about the accuracy of the information or if you believe we are not doing so lawfully. This allows the ACD to retain the information but only to ensure that it is not used in the future for those reasons restricted by you.
- **Right to data portability** – you can ask for a copy of your personal data in electronic format. We can copy or transfer that data to another data controller in a safe and secure way.
- **Right to object** – you can object to us processing your personal information in certain circumstances - if the processing is done for our legitimate interests (including profiling), for direct marketing (including profiling) or if we were using that information for scientific/historical research and statistics.
- **Rights related to automatic decision-making including profiling** – you have the right to ask the ACD to provide information about any processing involving automatic decision making or profiling involving your personal information; request human intervention or challenge a decision where



processing is done solely by automated processing; and, carry out regular checks to make sure our automated decision making and profiling processes are working as they should.

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*A Shareholder is entitled to request details of information held about it, free of charge and provided in a structured format. All legitimate requests will be responded to within 30 days.*

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If you have any questions about our use of your personal data, please contact the ACD at [enquiries@courtiers.co.uk](mailto:enquiries@courtiers.co.uk) or in writing to the Data Protection Officer at Courtiers Asset Management Limited, 18 Hart Street, Henley-on-Thames, Oxfordshire, RG9 2AU.

### 12.15 Use of Dealing Commissions

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The ACD may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the ACD as permitted under the FCA Rules.

Specifically, the ACD may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the ACD, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker.

Such services, which may take the form of substantive research, analysis and advisory services, including (depending on the precise nature of the services) market price services, electronic trade confirmation systems or third-party electronic dealing or quotation systems, may be used by the ACD in connection with transactions in which the Company may or may not participate.

Save as disclosed herein, no commissions are payable, and no discounts, brokerages or other special terms have been granted by the Company in connection with the issue of the Shares.

The ACD does not currently receive any fees or commissions, and is not provided with any non-monetary benefit.

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*To the extent the ACD will receive any such fee, commission, or any non-monetary benefits in future, it will notify the Shareholders.*

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## 12.16 Conflicts of Interest

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The ACD and its associates may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds.

It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund. The ACD will, however, have regard in such event to its obligations under the ACD Agreement and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

The FCA Rules contain provisions on conflicts of interest governing any transaction concerning the Company which is carried out by or with any “**affected person**”, which means the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary, an associate of the Depositary, any investment manager, and any associate of any investment manager.

These provisions, among other things, enable an affected person:

- a) To sell or deal in the sale of property to the Company or the Depositary for the account of the Company.
- b) Vest property in the Company or the Depositary against the issue of Shares in the Company.
- c) Purchase property from the Company (or the Depositary) acting for the account of the Company.
- d) Enter into a stock lending transaction in relation to the Company.
- e) Provide services for the Company.

Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm’s length requirements as set out in the FCA Rules.

An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

Investment of the property of the Company may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD.

Neither the ACD nor any such affected person will be liable to account to the Company or to the holders of Shares for any profit made or derived out of such dealings. In addition, the ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or reissue of Shares or cancellation of Shares which it has redeemed.

The following statements are based on the ACD's understanding of current UK law and HMRC practice as known at the date of this Prospectus. They summarise certain limited aspects of the tax position of the Funds and of investors who are UK resident and hold their shares as investments. The statements may not apply to certain Shareholders or classes of Shareholders. The bases and rates of taxation and reliefs from taxation may change in the future.

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*The information given below does not constitute tax or legal advice and Shareholders are recommended to consult their professional adviser if they are in any doubt as to their individual tax position or if they may be subject to tax in a jurisdiction other than the UK.*

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### 13.1 The Funds

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Each Fund is treated as an OEIC for UK tax purposes and as a separate OEIC from any other sub-fund of the Company.

Each Fund is generally exempt from UK corporation tax on chargeable gains realised on the disposal of its investments. This includes profits on interest paying securities and derivatives contracts, provided that such profits fall to be treated appropriately in the Fund's statement of total return to be included in its annual report. Whether this is the case will depend on the accounting treatment of such profits.

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*It cannot be guaranteed that the Funds' transactions will give rise to tax exempt chargeable gains.*

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Gains realised upon the sale, redemption, or other disposal of interests in “**offshore funds**” which are not “**reporting funds**” for UK tax purposes and which are not specifically excluded, are charged to tax as income (“**offshore income gains**”) and not as a capital gain.

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*Each Fund is accordingly not generally exempt from tax on such gains.*

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Shareholders may not receive effective credit for the tax on such offshore income gains. This is on the basis that each Fund does not meet the conditions and has not elected and does not intend to elect, to be treated as a “**fund investing in non-reporting**”

offshore funds” for the purposes of Part 6A of the Authorised Investment Funds (Tax) Regulations 2006.

Each Fund is liable to UK corporation tax at the current rate of 20% on most sources of income, other than any such profits which are exempt, after deduction of allowable management expenses charges and the gross amount of interest distributions (if any).

A Fund may receive dividend distributions from UK collective investment schemes or dividends in respect of investments in UK or overseas equities. These dividends may, depending on the availability of exemptions, not be subject to UK corporation tax in the Fund.

Other types of income, for example, interest distributions from UK collective investment schemes, bank deposit interest or certain dividends from UK or overseas companies, are taxable.

Where foreign tax has been deducted from income from overseas sources, that tax can in some instances be offset against UK corporation tax payable by the Fund by way of double tax relief.

A Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund is incorporated, established or resident for tax purposes.

A Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund or the counterparty to a transaction involving a Fund is incorporated, established or resident for tax purposes.

Where a Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction, or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

An authorised investment fund that meets certain conditions in respect of an accounting period may apply to be effectively exempt from tax on certain income (a

“tax elected fund”). Generally, an investor in a tax elected fund would be subject to tax on the appropriate share of such income as if such investor held the relevant assets of the tax elected fund directly.

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*The Funds are not tax elected funds, and it is not intended to apply for the Funds to be tax elected funds.*

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## 13.2 Shareholders

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On the specified allocation dates each Shareholder becomes entitled to a distribution which, in the case of allocations made in respect of **Accumulation Shares**, will be automatically retained in the Fund.

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*Accumulations of income are treated for UK income tax and corporation tax purposes as deemed distributions of income to the Shareholder.*

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The ACD will send an annual tax voucher (or permitted alternative communication) to investors showing the amount of income to which each Shareholder is entitled, the nature of each distribution and related tax credit (if any).

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*Notes printed on the tax voucher will indicate how the amount should be reflected in the investor’s tax return.*

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Distributions paid may be either **dividend** distributions or **interest** distributions, depending on the nature of the relevant Fund and its investments.

Interest distributions can be made only where the market value of the relevant Fund’s interest-bearing investments, including holdings in collective investment schemes that pay interest distributions and cash on deposit exceeds **60%** of the market value of all its assets throughout the accounting period to which it relates (these Funds are referred to as “**bond funds**”).

### 13.2.1 Income tax

#### 13.2.1.1 Dividend Distributions

An individual Shareholder who is resident for tax purposes in the United Kingdom will receive an annual Dividend Allowance which will exempt from tax his first £2,000 of dividend income, including dividend distributions received or deemed to be received from a Fund.

Dividend income in excess of the Dividend Allowance is taxed at 7.5%, 32.5% or 38.1%, to the extent that income falls within the basic rate income tax band, the higher rate income tax band, or the additional rate income tax band, respectively.

Individual Shareholders should note that dividend income forms the top slice of an individual's income and that all dividend income (including that income exempted from tax by virtue of the Dividend Allowance) is counted when determining which income tax rate band is applicable.

#### 13.2.1.2 Interest Distributions

If the total amount shown in the distribution account of a Fund is shown as available for distribution as yearly interest, such amount will be treated when distributed or accumulated as if it were a payment of yearly interest.

Individual Shareholders resident for tax purposes in the United Kingdom should note that a Personal Savings Allowance exempts from tax the first £1,000 of savings income of basic rate taxpayers (£500 for higher rate taxpayers). Savings income includes interest distributions (but not dividend distributions) from OEICs. The Personal Savings Allowance is not available to additional rate taxpayers.

Finance Act 2017 abolished the requirement for OEICs to deduct income tax from interest distributions to shareholders with effect from 6 April 2017. Accordingly, interest distributions paid or treated as paid by a Fund to Shareholders, including individual Shareholders, will be paid gross without deduction of UK income tax.

Assuming that such an individual Shareholder's savings income in a tax year exceeds their Personal Savings Allowance (as referred to above), individual Shareholders liable to UK income tax at the basic rate (20%), higher rate (40%) or additional rate (45%) must account to HM Revenue & Customs for the applicable tax due on the gross amount of the interest distribution.

Individual Shareholders should note that savings income forms the second highest slice of an individual's income (after dividend income) and that all savings income (including that income exempted from tax by virtue of the Personal Savings Allowance (if relevant)) is counted when determining which income tax rate band is applicable.

## 13.2.2 Corporation Tax

### 13.2.2.1 Dividend Distributions

Shareholders within the charge to UK corporation tax are subject to tax on a dividend distribution of a Fund unless it falls within an exemption. Subject to the “corporate streaming” rules below, it is expected that most dividend distributions paid by a Fund should be exempt from the charge to UK corporation tax.

General insurance and other companies within the charge to UK corporation tax for whom a dividend distribution is not treated as a trading receipt are within the scope of the “corporate streaming rules” and any such Shareholders may therefore have to divide dividend distributions in two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a company will be treated as dividend income (in respect of which no liability to UK corporation tax should arise depending on the availability of exemptions).

To the extent that the gross income less tax from which the dividend distributions are made is not wholly dividend income, that part of the distribution is received as an annual payment from which income tax at the basic rate of 20% is deemed to have been deducted (or, where relevant, an amount of foreign income in respect of which the foreign tax has been paid), the gross amount of which will, depending on the circumstances, be chargeable to UK corporation tax at the rate applicable to a UK resident corporate Shareholder but with credit for the income tax treated as deducted (or credit for the foreign tax treated as paid).

The current main rate of corporation tax is 19%. The percentages to be used to calculate the allocation between dividend income and unfranked income received will be set out on the tax voucher.

The corporate streaming rules also limit the maximum amount of UK income tax that may be reclaimed from HMRC on the unfranked stream. The maximum amount reclaimable by a corporate Shareholder is generally the corporate Shareholder’s portion of the Fund’s net liability to UK corporation tax in respect of gross income for the distribution period in question.

The tax voucher will state the Fund’s net liability to UK corporation tax in respect of the gross income for the distribution period in question. Additional information may also be provided on the tax voucher, for example, the net liability per Share.



Specific, additional rules may also apply to certain Shareholders within the charge to UK corporation tax.

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*The above treatment will not apply where a Fund is a “bond fund” from the perspective of a relevant Shareholder (as to which see below).*

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#### 13.2.2.2 Interest Distributions

The Finance Act 2017 abolished the requirement for OEICs to deduct income tax from interest distributions to shareholders and accordingly, interest distributions paid or treated as paid by a Fund to Shareholders, including UK resident corporate Shareholders, will be paid gross without deduction of UK income tax.

Companies within the charge to UK corporation tax will therefore be liable to pay UK tax on an interest distribution paid or treated as paid by a Fund, subject to any available exemptions or reliefs.

See below for the treatment of a corporation taxpayer where the Fund is a “bond fund”.

#### 13.2.3 Tax on Chargeable Gains

For Shareholders who are resident in the UK, the disposal of Shares in the Fund or the exchange of Shares in one Fund for Shares in another Fund is treated as a redemption and sale and may give rise to a liability to capital gains tax or corporation tax on chargeable gains in respect of gains arising from the disposal.

Exchanges between classes of Shares within a Fund should not give rise to a liability to UK capital gains tax or UK corporation tax on chargeable gains, provided that certain conditions are satisfied.

In respect of the Accumulation Shares, income arising from these Shares is accumulated and added to the capital property of the Fund. As a result, such amounts should be added to the acquisition cost of such Accumulation Shares when calculating the gain realised on their disposal for UK capital gains tax or corporation tax on chargeable gains purposes.

Individuals are only liable to UK capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption of £12,000 for the 2019/2020 tax year. If gains in excess of this exemption are realised the excess is taxable at the rate of UK capital gains tax applicable to the investor, being either 10% or (for higher and additional rate taxpayers) 20%.

Shareholders within the charge to UK corporation tax are chargeable to UK corporation tax on all such gains and net chargeable gains will normally be added to the profits charged to corporation tax. Indexation relief will be available through has been frozen with effect from 31 December 2017.

If during a corporate Shareholder's accounting period more than 60% by market value of the property of a Fund is at any time invested in interest-paying or equivalent investments (making the Fund a "bond fund" from the perspective of that Shareholder), then the Shareholder must instead treat its holding as a creditor loan relationship subject to a fair value basis of accounting for corporation tax purposes and any distributions (whether dividend distributions or interest distributions) as profits derived from such creditor loan relationship.

### 13.3 Other Taxes

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#### 13.3.1 Stamp Duty Reserve Tax

UK stamp duty reserve tax ("SDRT") is generally not chargeable on surrenders and certain other transfers of Shares

However, investors may be subject to a principal SDRT charge on non-pro rata in specie redemptions, namely a situation where an investor receives selected assets and cash rather than receiving their portion of all the assets and cash within that Fund. The current rate of SDRT is 0.5% on chargeable assets. No SDRT charge will arise on pro rata in specie redemptions.

#### 13.3.2 UK Information Reporting Regime

Each Fund is required to report to HMRC certain payments of interest. This reporting regime requires OEICs to report details of interest distributions paid to UK, and many non-UK, investors.

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*Dividend distributions and payments made to ISA investors are unaffected.*

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The Company may also report information about Shareholders to HMRC in compliance with its domestic (and any overseas) obligations relating to

- FATCA.
- The US-UK IGA.

- The UK CDOT IGAs (as defined below).
- The OECD Common Reporting Standard, and
- Any other similar intergovernmental agreements for the automatic exchange of tax information which may be entered into and implemented by the UK.

See the section headed “Buying, Selling, Converting and Switching Shares” above and the section headed “FATCA and similar measures” below.

### 13.3.3 FATCA and Similar Measures

The UK has signed a Model 1 inter-governmental agreement with the United States (the “US-UK IGA”) to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, “FATCA”).

Pursuant to the US-UK IGA and the related UK legislation, regulations and guidance, the Company and/or each Fund is required to report certain information about “Specified U.S. Persons” (as defined in the US-UK IGA) that own, directly or indirectly, an interest in a Fund.

If the Company and/or each Fund does not comply with these obligations, it may be subject to a 30 per cent withholding tax on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) (a “FATCA Deduction”), and to financial penalties or other sanctions under the relevant UK legislation.

Under the terms of the current US-UK IGA, the Company and/or each Fund will not generally be required to withhold tax on payments made to an account holder (i.e., a Shareholder) or to close recalcitrant accounts. The Company and/or each Fund will be required to report certain information in respect of any “Specified U.S. Persons” to HMRC and HMRC will exchange this information, on an automatic basis annually, with the US Internal Revenue Service.

The UK has also signed inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the “UK CDOT IGAs”) that impose similar requirements to the US-UK IGA and enacted legislation to implement the UK CDOT IGAs in the UK.

Under the terms of the UK CDOT IGAs, the Company and/or each Fund are required to identify accounts held directly or indirectly by specified persons in Jersey, Guernsey,

the Isle of Man and Gibraltar and report information on such specified persons to HMRC, which exchanges such information, on an automatic basis annually, with the respective tax authorities in Jersey, Guernsey, the Isle of Man and Gibraltar.

A number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the US-UK IGA and UK CDOT IGAs, including, in particular, under a regime known as the OECD Common Reporting Standard (“CRS”).

The UK has signed, along with over 100 other countries, a multilateral competent authority agreement to implement the CRS, and has issued regulations and guidance to give effect to the CRS. These regulations require UK “Financial Institutions”, including the Company and/or each Fund, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions).

The Company and/or each Fund may be subject to financial penalties or other sanctions if they fail to comply with the requirements of the UK regulations giving effect to CRS.

Due to the overlap between the UK CDOT IGAs and CRS, reportable persons in Jersey, Guernsey, the Isle of Man and Gibraltar are reported under CRS and not the UK CDOT IGAs from 2018 and it is expected that the UK legislation implementing the UK CDOT IGAs will be repealed in due course.

While the Company/the relevant Fund will seek to satisfy its obligations under FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Company/the relevant Fund to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any).

There can be no assurance that the Company/the relevant Fund will be able to satisfy such obligations.

If a Shareholder, or any related party, causes a Fund to suffer a FATCA Deduction, financial penalty, or other cost, expense or liability, or the Company is required to make a FATCA Deduction from such Shareholder, the Company/the relevant Fund may

require the compulsory redemption or transfer of any Shares held by such Shareholder and take any action available to it to ensure that the FATCA Deduction or financial penalty and other associated costs, expenses and liabilities are economically borne by such Shareholder.

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*All prospective investors should consult with their own tax advisors regarding the possible implications of FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK and any other similar legislation and/or regulations on their investments in a Fund.*

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

#### 14.1 General Risks

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Investors should be aware that the investments of the Funds are subject to normal market fluctuations and other risks inherent in investing in securities. In particular:

- Past performance is no guide to the future.
  - The value of the Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- There is no certainty that the investment objective of any Fund will actually be achieved, and no warranty or representation is given to this effect.
- The tax treatment of the Funds may change, and such changes cannot be foreseen.
- An investment in a Fund should not in itself be considered a balanced investment programme.

#### 14.2 Inflation Risk

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Inflation will, over time, reduce the purchasing power of your investments in real terms.

#### 14.3 Dilution Levy

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Investors should note that in certain circumstances a dilution levy may be charged on the issue or sale and/or redemption or cancellation of Shares (see “**Dilution Levy**” in Section 4.2).

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*Where a dilution levy is not charged the Fund in question may incur dilution which may constrain capital growth.*

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#### 14.4 Client Money

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Any money which the ACD is required to hold as client money (for example, for share dealing purposes) will be held on your behalf by the ACD in a client money account with any regulated bank or banks that the ACD may select, in accordance with the FCA’s rules relating to the holding of client money.

No interest will be paid on money held in these client money accounts.

Where the ACD holds client money on your behalf, it will do so in a designated omnibus client account with statutory trust status. This means that money held within the account is recognised by the relevant bank as belonging to the clients of the ACD, rather than to the ACD itself.

If a bank holding your client money fails, your money will be pooled with the money held in the omnibus account for other investors in the funds operated by the ACD, and you will have a claim against the common pool of money, rather than a claim against a specific sum in a specific account.

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*As a result, any shortfall in the client money account will be shared on a pro-rata basis between all investors on whose behalf the ACD holds client money.*

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The ACD is responsible for exercising all due skill, care and diligence in the selection and monitoring of all banks where client money is deposited, however, the ACD will not be responsible for any acts, omissions or for failure of any such bank.

If any bank holding your client money fails and cannot return your money, you may be eligible to claim under the Financial Services Compensation Scheme (see section above under the heading “Investor Compensation Scheme” for more information).

#### 14.5 Possible Adverse Effects of Substantial Redemptions

In the event that there are substantial redemptions of Shares within a limited period of time, it is difficult to adjust asset allocation and trading strategies to the suddenly reduced amount of assets under management.

Under such circumstances, in order to provide funds to pay redemptions, the relevant Fund's assets may have to be liquidated at an inopportune time or on unfavourable terms, resulting in lower net assets for the remaining Shareholders and a lower redemption price for the redeeming Shareholders.

#### 14.6 Management Risk

The investment performance of a Fund is substantially dependent on the services of the ACD. In the event of the death, disability, departure, insolvency, or withdrawal of the ACD's key personnel, including portfolio managers, the performance of the relevant Fund may be adversely affected.

## 14.7 Fund Suspension Risk

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Investors should be aware that the ACD has the ability to suspend dealing in the Shares of the Fund in exceptional circumstances. More information on this can be found in the section under the sub-heading “Suspension of Dealing”.

## 14.8 Taking Charges from Capital

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Where all or part of the fees and/or charges in respect of any Share Class or Fund are charged against capital rather than income, this will enhance income returns but will reduce the capital and constrain future growth.

Where the Annual Management Charge of a Fund is charged against capital instead of income, all of the other charges and expenses for that Fund will be treated as income expenses (with the exception of any payment as a result of effecting a transaction) to the extent that there is sufficient income. If there is insufficient income, then any remaining sums will be charged to capital.

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*It is the Company's policy that the AMC for each Share Class will be charged against capital rather than income.*

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## 14.9 Liquidity and Settlement Risks

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The Company is exposed to credit risk on parties with whom it trades and runs the risk of settlement default. Shareholders should note that some of the markets in which the Company may invest may be insufficiently liquid or highly volatile from time to time and this may result in fluctuations in the price of the Shares.

In addition, market practices in relation to the settlement of certain securities transactions and the custody of assets could provide increased risks.

## 14.10 Counterparty Risk

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The Funds may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the Funds to the creditworthiness of their counterparties and their ability to satisfy the terms of such contracts.

In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating positions and significant losses, including declines in the value of investments during the period in which a Fund seeks to enforce its rights,



inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights.

For a description of the rules on counterparty risk and issuer concentration that apply to the Funds, please see Appendix 1.

#### 14.11 Currency Exchange Risk

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The Funds' assets may be invested in securities denominated in currencies other than the base currency of the relevant Fund.

Changes in exchange rates may adversely affect the value of any investment, which will have a related effect on the price of the Shares.

#### 14.12 Market Liquidity Risk

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The Funds may be exposed to the effect of disrupted markets or affected by a decrease in market liquidity for the securities in which they invest, which may mean that the ACD may:

- Find it difficult to trade; or
- Not be able to sell shares in those securities at their true value.

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*In such circumstances, the ACD may, in accordance with the Company's Instrument of Incorporation and in the investors' interest, suspend subscriptions and redemptions or extend the settlement timeframe.*

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#### 14.13 Use of Warrants

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The Funds may invest in warrants.

Warrants are instruments where the price, performance and liquidity are linked to that of an underlying security. However, the warrants market is generally more volatile and there may be more fluctuations in the price of the warrant than in the underlying security.

#### 14.14 Investing in Emerging Markets

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Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities.

Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political, and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

#### Lack of Liquidity

The acquisition and disposal of securities may be more expensive, time consuming and generally more difficult than in more developed markets.

Many emerging markets are small, have low trading volumes, low liquidity, and significant price volatility.

#### Settlement and Custody Risks

Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated.

As a result, there may be a risk that settlement could be delayed, and that cash or securities could be disadvantaged.

#### Investment and Remittance Restrictions

In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Fund because the maximum permitted number of, or amount of investment by, foreign shareholders has been reached.

In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval and there can be no guarantee that additional restrictions will not be imposed.

#### Accounting

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

### Fraudulent Securities

Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent.

As a result, it is possible that loss may be suffered.

### Currency Fluctuations

Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Fund may occur following the investment of the Company in these currencies.

These changes may impact the total return of the Fund to a significant degree.

In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

### 14.15 Investing in Equity Securities

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Investing in equity securities involves risks associated with the unpredictable drops in a stock's value or periods of below-average performance in a given stock or in the stock market as a whole.

Shares' prices on equity markets may fluctuate. Such fluctuations, or volatility, have historically been much greater for equity markets than the volatility of fixed income markets.

### Concentration Risk

Where a Fund is invested in equities it may be concentrated both in number and in location. Funds concentrated in one geographic location, for example the UK, are more vulnerable to market sentiment in that specific location and can carry a higher risk than funds holding more diversified assets.

These potential concentrations mean that losses arising may cause a proportionately greater loss to the Company than if a larger number of investments were made.

### 14.16 Fixed Income Securities

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Fixed income securities are particularly affected by trends in interest rates and inflation.

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*If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital.*

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Certain other potential risks are summarised below:

### Credit Risk

The credit risk is a Fund's risk of loss arising from a borrower who does not make payments as promised.

There is a risk that:

- i) The issuer will default on its payments.
- ii) There is a large spread between bid and ask prices in the secondary market as the market perceives that the issuer is in weak financial health and may have trouble maintaining payments in the future.
- iii) The current credit rating will be downgraded by one or more of the credit rating agencies.

### Liquidity Risk

If there is not much interest in the security, then the sale price of a security may be significantly less than the price of another similar recent transaction even when there is no change in any other significant factor.

### Reinvestment Risk

Cash flows from a fixed income security may be invested so that interest can be earned on interest, thus there is a risk that the reinvested money will not earn the same rate of return as the original investment.

### Legal Risk

There is a risk that changes in the law may adversely affect the price of the security, for example changes to tax rates.

## 14.17 Investing in Fixed Interest Securities

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The following is a brief summary of some of the more common risks associated with Funds that invest in fixed interest securities:

### Interest Rate Risk

Funds that invest in bonds or other fixed income securities may be impacted by interest rate changes.

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*Generally, the prices of debt securities rise when interest rates fall, while the prices fall when interest rates rise.*

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Longer term debt securities are usually more sensitive to interest rate changes.

### Market Liquidity Risk

A Fund may be adversely affected by market conditions such as a decrease in market liquidity which may mean that it is not easy to buy or sell securities. A Fund's ability to acquire or to dispose of securities at their intrinsic value may also be affected.

### Issuer Risk

Funds that invest in bonds and other fixed income securities are subject to the risk that issuers do not make payments on such securities. A lowering of the credit rating of the issuer of a bond or of the bond itself may cause volatility in the price or reduce the security's liquidity, making it more difficult to sell.

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*Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.*

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### Concentration Risk

Where a Fund is invested in government securities, that part of the investment portfolio of the Company may be concentrated in a number of securities and may invest in securities of a single or small number of issuers.

Funds invested in fixed interest securities may be concentrated in one or a few geographic locations, for example the UK, and could therefore be more vulnerable to market sentiment in that specific location.

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*These potential concentrations mean that losses arising may cause a proportionately greater loss to the Company than if a larger number of investments were made.*

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### 14.18 Investing in High Yield Bonds

Where a Fund's investment policy is to invest in higher risk fixed interest securities, many of the investments will be in "below investment grade" securities (generally defined as below BBB- by leading rating agencies).

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*Investment in such securities brings an increased risk of default on repayment and therefore increases the risk that the income and capital of the Fund will be affected.*

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As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment grade.

Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal claim or regarding the interest payments and some such issuers may become insolvent.

#### 14.19 Investing in Smaller Companies

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Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.

Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines.

Markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies

#### 14.20 Investing in Repurchase/Reverse Repurchase Agreements

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In relation to repurchase/reverse repurchase transactions, investors must be aware that:

- In the event of the failure of the counterparty with which cash of a Fund has been placed, there is the risk that collateral received may yield less than the cash placed out, whether because of
  - Inaccurate pricing of the collateral.
  - Adverse market movements.
  - A deterioration in the credit rating of issuers of the collateral, or
  - The illiquidity of the market in which the collateral is traded; that
    - i) locking cash in transactions of excessive size;
    - ii) delays in recovering cash placed out; or
    - iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that
- Repurchase/reverse repurchase transactions will, as the case may be, further expose a Fund to risks similar to those associated with optional or forward financial derivative instruments.

## 14.21 Stock Lending

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Stock Lending involves risk in that:

- Any delay in the return of the stock may restrict the ability of a Fund to meet its obligations in respect of stock sales; and
- The borrower of the stocks fails to return them or that the collateral received may realise less than the value of the stocks lent out.
  - This can be due to deterioration in the credit rating of the issuer of the collateral, inaccurate pricing, or
  - The illiquidity of the market the collateral is traded on.

## 14.22 Efficient Portfolio Management Techniques

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Derivative instruments may be used in the Funds for the purposes of efficient portfolio management (EPM).

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*The use of derivatives for EPM should not lead to an increase in risk to the Funds.*

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Efficient portfolio management may be used by all Funds to reduce risk and/or costs in the Funds and to produce additional capital or income in the Funds.

The Funds may use derivatives, borrowing, cash holding and stock lending for efficient portfolio management.

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*It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Funds.*

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However, in adverse situations, a Fund's use of derivatives may become ineffective in hedging or EPM and a Fund may suffer loss as a result.

A Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits, and tax considerations.

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

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The ACD may use one or more separate counterparties to undertake transactions on behalf of the Funds. The Fund may be required to pledge or transfer collateral paid

from within the assets of the relevant Fund to secure such contracts entered into for efficient portfolio management including in relation to derivatives and stock lending.

There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards the return of collateral and any other payments due to the relevant Fund.

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*The ACD measures the creditworthiness of counterparties as part of the risk management process.*

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### Exchange-Traded Futures Contracts

A Fund may make use of futures contracts. A particular risk associated with this type of contract is the means by which the futures contract is required to be terminated.

A futures contract can only be terminated by entering into an offsetting transaction. This needs a liquid secondary market on the exchange on which the original position was established.

The ACD will use its judgement to establish that there appears to be a liquid secondary market for such instruments but there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

In addition, because the instrument underlying a futures contract traded by a Fund will often be different from the instrument or market being hedged, or to which exposure is sought, the correlation risk could be significant and could result in losses to a Fund.

The use of futures involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts is also subject to the risk of

- i) Trading halts.
- ii) Suspensions.
- iii) Exchange or clearing house equipment failures.
- iv) Government intervention.
- v) Insolvency of a brokerage firm, clearing house or exchange.
- vi) Other disruptions of normal trading activity.



## Options (Call)

A Fund may incur risks associated with the sale and purchase of call options.

The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and, gives up the opportunity for gain on the underlying security above the exercise price of the option.

The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The securities necessary to satisfy the exercise of an uncovered call option, if applicable, may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium.

Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss.

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*The buyer of a call option assumes the risk of losing its entire premium investment in the call option.*

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## Options (Put)

A Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option.

The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

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*The buyer of a put option assumes the risk of losing their entire investment in the put option.*

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## Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis.

Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.

The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration.

There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

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*Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.*

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## Over-the-Counter Counterparty (OTC) and Market Risk

A Fund may hold derivatives in OTC markets. The fair value of these derivatives will take into account their tendency to have limited liquidity and possibly higher price volatility.

In addition, a Fund holding OTC derivatives will be exposed to credit risk on counterparties with whom the transactions are made and will bear the risk of settlement default with those counterparties.

## Commodity-Related Instruments

A Fund may seek to gain exposure to the commodity markets by investing in commodity swap agreements and may also invest in other commodity-linked derivatives.

The value of a commodity-linked derivative investment generally is based upon the price movements of a physical commodity (such as energy, mineral or agricultural products), a commodity futures contract or commodity index, or other economic variables based upon changes in the value of commodities or the commodity markets.

The risk of loss in trading commodities can be substantial. If a Fund purchases a commodity option, it may sustain a total loss of the premium and of all transaction costs.

If a Fund purchases or sells a commodity futures contract or sells a commodity option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position.

If the market moves against its position, a Fund may be called upon by its broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account.

### Swap Agreements and Synthetic Assets

A Fund may acquire exposure to the risk of structured finance securities, debt securities and loans synthetically through products such as credit default swaps, total return swaps, credit linked notes, structured notes, trust certificates and other derivative instruments (each, a “Synthetic Asset”).

A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security and loan or a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, debt securities, bonds, or other financial instruments (each, a “Reference Obligation”).

Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced.

A Fund will have a contractual relationship only with the synthetic asset counterparty, and not with the issuer(s) (the “Reference Entity”) of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies, and the synthetic asset counterparty delivers the Reference Obligation to the Fund.

Other than in the event of such delivery, the Fund generally will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Fund will not have any rights of set-off against the Reference Entity.

In addition, the Fund generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Fund also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation.

The Fund will be subject to the credit risk of the synthetic asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the synthetic asset counterparty, a Fund will be treated as a general creditor of such counterparty and will not have any claim of title with respect to the Reference Obligation. Consequently, the Fund will be subject to the credit risk of the synthetic asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one synthetic asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such synthetic asset counterparty as well as by the respective Reference Entities.

While it is expected that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the synthetic asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

#### 14.23 Investing in Collective Investment Schemes

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Each Fund may invest in other regulated collective investment schemes, including schemes managed by the ACD, or an associate of the ACD.

As an investor of another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees.

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*These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.*

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#### 14.24 Tax Considerations

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A Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund is incorporated, established or resident for tax purposes.

A Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by a Fund or the counterparty to a transaction involving a Fund is incorporated, established or resident for tax purposes.

Where a Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction, or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

#### 14.25 FATCA and Similar Measures

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Under the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, “FATCA”), certain payments made to the Company may be subject to a 30 per cent withholding tax (a “FATCA Deduction”) and under the relevant UK legislation the Company may be subject to financial penalties or other sanctions unless the Company complies with the requirements of the Intergovernmental Agreement (“IGA”) between the United States and the UK (the “US-UK IGA”) (which seeks to implement the requirements of FATCA) and legislation enacted in the UK to implement the US-UK IGA. Further information may be found in section [13] under the heading “Taxation – Other taxes - FATCA and similar measures”.

The UK has also signed inter-governmental agreements with Jersey, Guernsey, the Isle of Man and Gibraltar (the “UK CDOT IGAs”) that impose similar requirements to the US-UK IGA and enacted legislation to implement the UK CDOT IGAs in the UK. A number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax

information similar to the US-UK IGA and UK CDOT IGAs, including, in particular, under a regime known as the OECD Common Reporting Standard (“CRS”).

The UK has signed, along with over 100 other countries, a multilateral competent authority agreement to implement the CRS, and has passed regulations to give effect to the CRS. These regulations require UK “Financial Institutions”, including the Company, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions). The Company and/or each Fund may be subject to financial penalties or other sanctions if they fail to comply with the requirements of the UK regulations giving effect to CRS. Due to the overlap between the UK CDOT IGAs and CRS, reportable persons in Jersey, Guernsey, the Isle of Man and Gibraltar are reported under CRS and not the UK CDOT IGAs from 2018 and it is expected that the UK legislation implementing the UK CDOT IGAs will be repealed in due course.

While the Company will seek to satisfy its obligations under FATCA, the US-UK IGA, the UK CDOT IGAs, the CRS and the associated implementing legislation in the UK to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any). The Company intends to satisfy such obligations, although there can be no assurances that it will be able to do so. There is therefore a risk that the Company may be subject to one or more FATCA Deductions, financial penalties, and other sanctions, any of which may have a material adverse effect on the net asset value of the Funds and hence on the Net Asset Value per Share.

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*All prospective investors and Shareholders should consult with their respective tax advisers regarding the possible implications of FATCA, the US-UK IGA, the UK CDOT IGAs, CRS and the associated implementing legislation in the UK and any other similar legislation and/or regulations on their investments in the Funds.*

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### Investment and Borrowing Powers & Restrictions

#### 1 General

- 1.1 The property of each Fund will be invested with the aim of achieving the investment objective of that Fund subject to the limits on investment set out in this Prospectus, in Chapter 5 of the FCA Rules, ISA regulations (where applicable) and the relevant Fund's investment objective and policy. These limits apply to each Fund as summarised below.
- 1.2 The ACD must ensure that, taking account of the investment objectives and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.
- 1.3 The rules in this section relating to spread of investments do not apply until the expiry of a period of six months after the date on which the authorisation order of the relevant Fund takes effect or on which the initial offer commenced, if later, provided that the Fund aims to provide a prudent spread of risk during such period.

#### 2 UCITS Schemes - General

- 2.1 The Scheme Property of each Fund must, subject to its investment objective and policy and except where otherwise provided in the COLL Sourcebook only consist of any or all of:
  - (A) Transferable securities.
  - (B) Approved money market instruments.
  - (C) Permitted derivatives and forward transactions.
  - (D) Permitted deposits.
  - (E) Permitted units in collective investment schemes.
  - (F) Movable and immovable property that is necessary for the direct pursuit of the Company's business.
- 2.2 Transferable securities and approved money market instruments held within a Fund must (subject to paragraph 2.3) be:

- (A) Admitted to or dealt in on an eligible market as described in paragraphs 3.1 and 3.2, or
  - (B) For an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 3.1, or
  - (C) Recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
- 2.3 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money market instruments (other than those that are referred to in paragraph 2.2).
- 2.4 It is not intended that any Fund will have an interest in any immovable property or tangible movable property.

### 3 Eligible Markets Requirements

- 3.1 A market is eligible for the purposes of paragraph 2.2 if it is
- (A) A regulated market (as defined for the purposes of the FCA Rules).
  - (B) A market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.
  - (C) Any market within 3.2.
- 3.2 If a market does not fall within paragraph 3.1 it may be eligible if the ACD, after consultation and notification with the Depositary, decides that,
- (A) The market is appropriate for investment of, or dealing in, the Scheme Property.
  - (B) The market is included in a list in the Prospectus.
  - (C) The Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 3.3 In paragraph 3.2 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange



or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

- 3.4 The eligible securities and derivatives markets for each Fund of the Company are set out in Appendix 2 below.
- 3.5 New eligible securities markets may be added to the existing list in accordance with the FCA Rules.

#### 4 Transferable Securities

4.1 A transferable security is an investment falling within the following articles of the Regulated Activities Order.

- (A) Article 76 (Shares etc.)
- (B) Article 77 (Instruments creating or acknowledging indebtedness)
- (C) Article 77a (alternative finance investment bonds)
- (D) Article 78 (Government and public securities)
- (E) Article 79 (Instruments giving entitlement to investments)
- (F) Article 80 (Certificate representing certain securities)

4.2 An investment is not a transferable security if the title to it cannot be transferred or can be transferred only with the consent of a third party.

4.3 In applying paragraph 4.2 to an investment which is issued by a body corporate, and which is an investment falling within paragraphs 4.1(A) or 4.1(B), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

#### 5 Investment in Transferable Securities

5.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

(A) The potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it.

(B) Its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under COLL 6.2.16R(3).

(C) Reliable valuation is available for it as follows:

1. In the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable, and regular prices which are either market prices or prices made available by valuation systems independent from issuers.
2. In the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research.

(D) Appropriate information is available for it as follows:

3. In the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security.
4. In the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security.

- (E) it is negotiable.
- (F) Its risks are adequately captured by the risk management process of the ACD.

5.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

- (A) Not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
- (B) To be negotiable.

## 6 Closed End Funds Constituting Transferable Securities

6.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5 (investment in transferable securities), and either

- (A) Where the closed end fund is constituted as an investment company or a unit trust:
  1. It is subject to corporate governance mechanisms applied to companies.
  2. Where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
- (B) Where the closed end fund is constituted under the law of contract:
  1. It is subject to corporate governance mechanisms equivalent to those applied to companies.
  2. It is managed by a person who is subject to national regulation for the purpose of investor protection.

## 7 Transferable Securities Linked to Other Assets

7.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Fund provided the investment:

- (A) Fulfils the criteria for transferable securities set out in paragraph 5 (investment in transferable securities); and
- (B) Is backed by or linked to the performance of other assets, which may differ from those in which the Fund can invest.

7.2 Where an investment in paragraph 7.1 contains an embedded derivative component the requirements of this section with respect to derivatives and forwards will apply to that component.

## 8 Approved Money Market Instruments

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

8.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:

- (A) Has a maturity at 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 paragraphs 8.2(A) or 8.2(B) or is subject to yield adjustments as set out in paragraph 8.2(C).

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

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

- (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 transaction; and
- (B) Based either on market data or on valuation models including systems based on amortised costs.

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

## 9 Money Market Instruments with a Regulated Issuer

9.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

- (A) The issue or the issuer is regulated for the purpose of protecting investors and savings; and
- (B) The instrument is issued or guaranteed in accordance with paragraph 10 (issuers and guarantors of money market instruments).

9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

- (A) The instrument is an approved money market instrument.
- (B) Appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (appropriate information for money market instruments); and

(C) The instrument is freely transferable.

## 10 Issuers and Guarantors of Money Market Instruments

10.1 A Fund may invest in an approved money-market instrument if it is:

(A) Issued or guaranteed by any one of the following:

1. A central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation.
2. A regional or local authority of an EEA State.
3. The European Central Bank or a central bank of an EEA State.
4. The European Union or the European Investment Bank.
5. A non-EEA State or, in the case of a federal state, one of the members making up the federation.

6. A public international body to which one or more EEA States belong; or

(A) Issued by a body, any securities of which are dealt in on an eligible market; or

(B) Issued or guaranteed by an establishment which is:

1. Subject to prudential supervision in accordance with criteria defined by European Community law; or
2. Subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

10.2 An establishment shall be considered to satisfy the requirement in paragraph 10.1(C)(2) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

(A) It is located in the European Economic Area.

(B) It is located in an OECD country belonging to the Group of Ten.

(C) It has at least investment grade rating.

(D) On the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are

at least as stringent as those laid down by European Community law

## 11 Appropriate Information for Money Market Instruments

11.1 In the case of an approved money market instrument within paragraph 10.1(B) or issued by a body of the type referred to in the COLL Sourcebook under the guidance section relating to money market instruments with a regulated issuer; or which is issued by an authority within paragraph 10.1(A)(2) or a public international body within paragraph 10.1(A)(6) but is not guaranteed by a central authority within paragraph 10.1(A)(1), the following information must be available:

- (A) Information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer.
- (B) Updates of that information on a regular basis and whenever a significant event occurs; and
- (C) Available and reliable statistics on the issue or the issuance programme.

11.2 In the case of an approved money market instrument issued or guaranteed by an establishment within paragraph 10.1(C), the following information must be available

- (A) Information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument.
- (B) Updates of that information on a regular basis and whenever a significant event occurs; and
- (C) Available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

- 11.3 In the case of an approved money market instrument:
- (A) Within paragraphs 10.1(A)(1), 10.1(A)(4) or 10.1(A)(5); or
  - (B) Which is issued by an authority within paragraph 10.1(A)(2) or a public international body within paragraph 10.1(A)(6) and is guaranteed by a central authority within paragraph 10.1(A)(1).
  - (C) Information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 12 Spread: General

- 12.1 This paragraph 12 does not apply in respect of a transferable security or an approved money market instrument to which section 14 applies.
- 12.2 For the purposes of this rule companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 12.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body.
- 12.5 The limit of 5% in 12.4 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purposes of applying the limit of 40%. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 12.6 The limit of 5% in paragraph 12.4 is raised to 25% in value of the Scheme Property 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 must not exceed 80% in value of the Scheme Property.



- 12.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an approved bank.
- 12.8 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 12.9 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group (as referred to in paragraph 12.2).
- 12.10 In applying the limits in 12.3, 12.4, 12.5, 12.7, in relation to a single body, and subject to 12.6, 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 that body; or
  - (B) Deposits made with that body; or
  - (C) Exposures from OTC derivatives transactions made with that body.

### 13 Counterparty Risk and Issuer Concentration

- 13.1 The Fund's counterparty risk arising from a OTC derivative transactions or efficient portfolio management techniques is subject to the limits set out in section 12 above.
- 13.2 When calculating the exposure of the Fund to a counterparty to an OTC derivative in accordance with the limits in paragraph 12.7, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 OTC derivative positions of a Fund with the same counterparty may be netted provided that the ACD is able legally to enforce netting agreements in place with the counterparty on behalf of the Fund and these netting agreements do not apply to any other exposures the Fund may have with that counterparty.
- 13.4 The exposure of the Scheme Property to a counterparty to an OTC derivative or efficient portfolio management technique may be reduced 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.

**13.5** Collateral must be taken into account in calculating exposure to counterparty risk in accordance with the limits in paragraph **13.7** when collateral is passed to a counterparty to an OTC derivative transaction on behalf of the Fund.

**13.6** Collateral passed in accordance with paragraph **13.5** 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 the Fund.

**13.7** The ACD must calculate the issuer concentration limits referred to in section **12** on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the **commitment** approach, which is a methodology, defined by the Committee of European Securities Regulators <sup>3</sup>, used to measure **global exposure**.

**13.8** In relation to exposures arising from OTC derivative transactions, as referred to in paragraph **12.10**, the ACD must include in the calculation any counterparty risk relating to the OTC derivative transactions.

#### **14 Spread: Government and Public Securities**

**14.1** The following applies in respect of a transferable security or an approved money market instrument (“such securities”) that is issued by: an EEA State; a local authority of an EEA State; a non-EEA State; or a public international body to which one or more EEA States belong.

**14.2** Where no more than **35%** in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

**14.3** A Fund may invest more than **35%** in value of the Scheme Property in such securities issued by any one body provided that:

(A) Before any such investment is made, the ACD has consulted with the Depositary and as a result considers that the issuer of such

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<sup>3</sup> [https://www.esma.europa.eu/sites/default/files/library/2015/11/10\\_108.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/10_108.pdf)

securities is one which is appropriate in accordance with the investment objectives of the authorised fund.

- (B) No more than 30% in value of the Scheme Property consists of such securities of any one issue; and
- (C) The Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and
- (D) The disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.

14.4 In relation to such securities:

- (A) Issue, issued and issuer include guarantee, guaranteed and guarantor; and
- (B) 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.

14.5 Notwithstanding paragraph 12.1 and subject to paragraphs 12.2 and 12.3, in applying the 20% limit in paragraph 12.10 with respect to a single body, such securities issued by that body shall be taken into account.

## 15 Collective Investment Schemes

15.1 A Fund may invest in units in a collective investment scheme, including for the avoidance of doubt, Shares in other Funds of the Company, provided that no more than 30% of the value of that investing scheme is invested in collective investment schemes which are not UCITS schemes and only if the second scheme complies with the following requirements:

- (A) It is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (B) Is recognised under the provisions of section 272 of the Act (Individually recognised overseas schemes) that is authorised by the supervisory authorities of Guernsey, Jersey, or the Isle of Man (provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or

- (C) Is authorised as a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (D) Is authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (E) Is authorised by the competent authority of an OECD Country (other than another EEA State) which has:
  1. Signed the IOSCO Multilateral Memorandum of Understanding; and
  2. Approved the scheme's management company, rules and depositary/custody arrangements,

provided the requirements of article 50(1)(e) of the UCITS Directive are met.

- (A) It is a scheme which complies where relevant with paragraph 15.5 below; and
- (B) It is a scheme which has terms which prohibit more than 10% in value of its scheme property consisting of units in collective investment schemes.

15.2 Unless otherwise specified in Appendix 3 in relation to any specific Fund, up to 100% of the Scheme Property of any Fund may consist of units in collective investment schemes.

15.3 For the purposes of paragraphs 15.1 and 15.2 each Fund of an umbrella scheme is to be treated as if it were a separate scheme. A Fund may invest in or dispose of Shares of another Fund (the Second Fund) only if the following conditions are satisfied:

- (A) The Second Fund does not hold units in any other Fund of the same umbrella scheme.
- (B) The conditions 15.4 and 15.5 are complied with; and
- (C) The investing or disposing Fund must not be a feeder UCITS to the Second Fund.

15.4 In accordance with the relevant section of the COLL Sourcebook covering investments in associated collective investment schemes each

of the Funds may invest in units in collective investment schemes managed or operated by (or, if it is an open-ended investment company, has as its authorised corporate director), the ACD or an Associate of the ACD.

**15.5** The Funds must not invest in or dispose of units in another collective investment scheme (the second scheme), which is managed or operated by (or in the case of an open-ended investment company, has as its authorised corporate director), the ACD, or an Associate of the ACD, unless:

- (A) There is no charge in respect of the investment in or the disposal of units in the second scheme; or
- (B) The ACD is under a duty to pay to the Fund the following amount by the close of business on the fourth Business Day next after the agreement to invest in or dispose of shares in the second scheme:

1. On investment, either:

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

2. On disposal, the amount of 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.

**15.6** In paragraph 15.5 above, references to “second scheme” are to be taken to be references to the Second Fund where the Fund in question is investing in another Fund of the Company.

**15.7** In paragraphs 15.5(A) and 15.5(B) 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 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 Fund or separate part of the second scheme for units in another Fund or separate part of that scheme is to be included as part of the consideration paid for the units.

## 16 Investment in Nil and Partly Paid Securities

A transferable security or an approved money market instrument on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at any time when payment is required without contravening the rules in the COLL Sourcebook.

## 17 Investment in Deposits

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

## 18 Significant Influence

- 18.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

- (A) Immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to significantly influence the conduct of business of that body corporate; or

- (B) The acquisition gives the Company that power.

- 18.2 For the purposes of paragraph 18.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of **20%** or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 19 Concentration

19.1 The Company must not hold more than:

- (A) 10% of the transferable securities (other than debt securities) issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
- (B) 10% of the debt securities issued by any single body\*; or
- (C) 10% of the approved money market instruments issued by any single body\*; or
- (D) 25% of the units in a collective investment scheme\*.

\*The Company need not comply with these limits if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 20 Cash and Near Cash

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

- (A) The pursuit of that Fund's investment objective.
- (B) The redemption of Shares in that Fund.
- (C) Efficient management of the Fund in accordance with its investment objective.
- (D) A purpose which may reasonably be regarded as ancillary to the investment objectives of that Fund.

20.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation. Within the context of the ACD's policy of active asset allocation, the liquidity of each Fund may vary in response to market conditions.

## 21 Stock Lending

21.1 A Fund may enter into stock lending arrangement, and/or repurchase/reverse repurchase contracts.

**21.2** The entry into stock lending arrangements or repurchase/reverse repurchase contracts for the account of a Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

**21.3** The stock lending arrangement and repurchase/reverse repurchase contracts permitted by this section may be exercised by a Fund when the arrangement or contract is:

- a) For the account of or benefit of the relevant Fund; and
- b) It is in the interest of the Fund's Shareholders.

An arrangement or contract will not be regarded as being in the interest of Shareholders unless it reasonably appears to the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

**21.4** The Company, or the Depositary at the request of the Company, may enter into a repurchase contract or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

(A) All the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

(B) The counterparty is:

- An authorised person; or
- A person authorised by a Home State regulator; or
- A person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
- A bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit



Insurance Corporation; the Board of Governors of the Federal Reserve System; and

(C) High quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in 21.4(A) and the collateral is:

- Acceptable to the Depositary.
- Adequate; and
- Sufficiently immediate.

21.5 The counterparty for the purpose of paragraph 21.4 is the person who is obliged under the agreement referred to in paragraph 21.4(A) to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

21.6 Paragraph 21.4(C) does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

21.7 There is no limit on the value of the Scheme Property which may be the subject of stock lending transactions.

21.8 Any interest or dividends paid on securities which are the subject of such stock lending arrangements shall accrue to the benefit of the relevant Fund.

21.9 The Company will have the right to terminate a stock lending arrangement at any time and demand the return of any or all of the securities loaned.

21.10 In the case that the Company enters into a reverse repurchase agreement, it will have the right to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued or a mark-to-market basis at any time. Where the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the purposes of the calculation of the net asset value of the Fund.

- 21.11** In the case that the Company enters into a repurchase agreement, the Company will have the right to recall any securities subject to the agreement or to terminate the repurchase agreement at any time.
- 21.12** Fixed term repurchase and reverse repurchase contracts which do not exceed seven days shall be regarded as arrangements on terms which allow the assets to be recalled at any time by the Company.
- 21.13** All the revenues arising from such techniques shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the relevant Fund in respect of which the relevant party has been engaged.

## **22 Treatment of Collateral for Stock Lending and Repurchase/Reverse Repurchase Transactions**

- 22.1** Collateral obtained by a Fund in the context of stock lending and repurchase/reverse repurchase transactions must be:
- (A)** Transferred to the Depositary or its agent.
  - (B)** Received under a title transfer arrangement.
  - (C)** At all times equal in value to the market value of the securities transferred by the Depositary, plus a premium.
- 22.2** Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an OEIC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph **15.5** must be complied with.
- 22.3** Collateral is sufficiently immediate for the purposes of this paragraph if:

- (A) It is transferred before or at the time of the transfer of the securities by the Depositary; or
- (B) The Depositary takes reasonable care to determine at the time referred to in paragraph 22.3(A) that it will be transferred at the latest by the close of business on the day of the transfer.

22.4 The Depositary must ensure that the value of the collateral at all times meets the requirement of 22.1C.

22.5 The duty in paragraph 22.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

22.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.

22.7 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the FCA Rules, except in the following respects:

- (A) It does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 22.6 by an obligation to transfer; and
- (B) It does not count as Scheme Property for any purpose of this Appendix other than this paragraph.

22.8 Paragraphs 22.6 and 22.7(A) do not apply to any valuation of collateral itself for the purposes of this paragraph.

## 23 Collateral Received for OTC Derivative Transactions and Stock Lending Techniques

23.1 Collateral posted by a counterparty for the benefit of a Fund will be taken into account as reducing the exposure to such counterparty. Each Fund will require receipt of the necessary level of collateral so as to ensure

counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received, in conjunction with paragraph 27.1, corresponds with the value of the amount exposed to counterparty risk at any given time.

**23.2** Collateral used to reduce counterparty risk exposure will comply with the following criteria:

- (A) **Liquidity** - collateral (other than cash) will be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral will comply with the provisions of rule 5.2.29 of the COLL Sourcebook (as summarised in paragraph 19.1 above).
- (B) **Valuation** - collateral will be valued on a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place.
- (C) **Issuer credit quality** - collateral will be of high quality.
- (D) **Correlation** – collateral will be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (E) **Diversification** - collateral will be sufficiently diversified in terms of country, markets, and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from the relevant counterparty to the transaction a basket of collateral with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

**23.3** All assets received by the Funds in the context of OTC derivative transactions and stock lending and repurchase/reverse repurchase techniques will be considered as collateral and will comply with the criteria above. Risks linked to the management of collateral, including

operational and legal risks, are identified, and mitigated by risk management procedures employed by the Company.

**23.4** Where there is a title transfer, the collateral received will be held by the Depository or a delegate thereof. For other types of collateral arrangement, the collateral may be held by a third-party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

**23.5** Collateral received will be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty. Accordingly, collateral will be immediately available to the Company without recourse to the counterparty in the event of default by that entity.

## **24 Permitted Types of Collateral for OTC Derivative Transactions and Stock Lending Techniques**

**24.1** It is proposed that the Company will accept the following types of collateral (subject, in the case of stock lending and repurchase/reverse repurchase techniques, to compliance with paragraph **23** above):

- (A)** Cash or
- (B)** Government or other public securities, or
- (C)** Certificates of deposit issued by Approved Banks, or
- (D)** Bonds/commercial paper issued by Approved Banks or by non-bank issuers where the issue or the issuer are rated **A1** or equivalent, or
- (E)** Letters of credit with a residual maturity of **three months or less**, which are unconditional and irrevocable, and which are issued by Approved Banks, or
- (F)** Equity securities traded on a stock exchange in the EEA, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

## **25 Reinvestment of Collateral**

- 25.1 Cash received as collateral for OTC derivatives and efficient portfolio management techniques may not be invested or used other than as set out below:
- (A) Placed on deposit with Approved Banks.
  - (B) Invested in high-quality government securities.
  - (C) Used for the purpose of reverse repurchase transactions, provided that the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on an accrued basis, or
  - (D) Invested in a “Short Term Money Market Fund” as defined by the European Securities and Markets Authority’s guidelines on a Common Definition of European Money Market Funds<sup>4</sup>.
- 25.2 Re-invested cash collateral will be diversified in accordance with the diversification requirements outlined above in paragraph 23.2(E).
- 25.3 Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.
- 25.4 The reinvestment of cash collateral leads to certain risks such as counterparty risk (e.g., borrower default) and market risk (e.g., decline in value of the collateral received or of the reinvested cash collateral) and these risks need to be monitored. The risk related to the reinvestment of cash collateral, which is not indemnified by the lending agent, is mitigated by investing cash collateral in highly liquid and diversified money market funds or in reverse repurchase agreements.
- 25.5 For funds which receive collateral for at least 30% of their assets, the associated liquidity risk is assessed.
- 25.6 Non-cash collateral received cannot be sold, pledged, or re-invested.

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<sup>4</sup> [https://www.esma.europa.eu/sites/default/files/library/2015/11/09\\_850.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/09_850.pdf)

## 26 Stress Testing of Collateral

26.1 In the event that the Company receives collateral for at least 30% of the Net Asset Value of a Fund, it will implement regular stress tests carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to collateral.

## 27 Haircut Policy

27.1 Collateral received from a counterparty may be offset against counterparty exposure provided it meets a range of standards, including those for liquidity, valuation, issuer credit quality, correlation, and diversification. The Company has established a haircut policy in respect of each class of assets received as collateral in respect of the Funds. This policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy. In offsetting exposure, where the Company considers appropriate, the value of collateral is reduced by a percentage (haircut) which provides, amongst other things, a buffer for short term fluctuations in the value of the exposure and of the collateral.

## 28 Counterparty exposure reporting

28.1 The annual report of the Funds will contain details of:

- i) the counterparty exposure obtained through efficient portfolio management techniques as well as exposure to OTC derivative transactions.
- ii) counterparties to efficient portfolio management techniques and OTC derivative transactions.
- iii) the type and amount of collateral received by the Funds to reduce counterparty exposure, and
- iv) revenues arising from efficient portfolio management techniques for the reporting period, together with direct and indirect costs and fees incurred and to which entity these have been paid.

## 29 Underwriting and Stock Placings

- 29.1** Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation.
- 29.2** This section applies, subject to paragraph **29.3**, to any agreement or understanding which:
- (A) Is an underwriting or sub-underwriting agreement, or
  - (B) Contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.
- 29.3** Paragraph **29.2** does not apply to:
- (A) An option, or
  - (B) A purchase of a transferable security which confers a right to:
    - Subscribe for or acquire a transferable security, or
    - Convert one transferable security into another.
  - (C) The exposure of the Fund to agreements and understandings within paragraph **29.2** must, on any Business Day:
    - Be covered in accordance with the requirements of **COLL 5.3.3AR** (see paragraph **38**); and
    - Be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in **COLL 5**.



## 30 Borrowing Powers

- 30.1 The Company may, subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on the terms that the borrowing is to be repayable out of the Scheme Property.
- 30.2 Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 30.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property. For these purposes borrowing includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 30.4 These borrowing restrictions do not apply to “back-to-back” borrowing for cover for transactions in derivatives (see paragraph 38).
- 30.5 The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraphs 30.1 and 30.2.

## 31 Derivatives: General

- 31.1 Funds which may use derivatives in pursuit of their investment objectives, as well as Funds which may use derivatives for efficient portfolio management purposes, must do so in accordance with the following rules. Details of each Fund’s permitted use of derivatives are set out in Appendix 3
- 31.2 The use of derivatives for efficient portfolio management (EPM) will generally not increase the risk profile of a Fund (see paragraph 44 for further details on efficient portfolio management). In adverse situations, however, a Fund’s use of derivatives may become ineffective in hedging or EPM and a Fund may suffer significant loss as a result. A Fund’s

abilities to use derivatives for EPM may be limited by market conditions, regulatory limits, and tax considerations. The use of derivatives for investment purposes may increase the risk profile of a Fund.

- 31.3** A transaction in derivatives or a forward transaction must not be effected for a Fund unless:
- (A) The transaction is of a kind specified in **32** below (Permitted transactions (derivatives and forwards)), and
  - (B) The transaction is covered, as required by **paragraph 38** (Derivatives exposure and cover).
- 31.4** Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits in paragraphs **12** (Spread: general) and paragraphs **14** (Spread: government and public securities) save as provided in **31.7**.
- 31.5** Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 31.6** A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- (A) By virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative.
  - (B) Its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, and
  - (C) It has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

**31.7** A transferable security or an approved money market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.

**31.8** Where a Fund invests in an index-based derivative, provided the relevant index falls within **section 33** (Financial indices underlying derivatives) the underlying constituents of the index do not have to be taken into account for the purposes of **paragraphs 12 and 13**.

**31.9** The relaxation in **31.7** is subject to the ACD taking account of **paragraph 1.2** (prudent spread of risk).

## **32 Permitted Transactions (Derivatives and Forwards)**

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

- (A) Be in an approved derivative, or
- (B) Be one which complies with **paragraph 36** (OTC transactions in derivatives).

**32.2** The underlying of a transaction in a derivative must consist of any one or more of the following to which the Fund is dedicated:

- (A) Transferable securities permitted under **paragraphs 2.2(A) and 2.2(C)**.
- (B) Money market instruments permitted under **paragraph 8**.
- (C) Deposits permitted under **paragraph 17**.
- (D) Derivatives permitted under this rule.
- (E) Collective investment scheme units permitted under **paragraph 15**.
- (F) Financial indices which satisfy the criteria set out in **COLL 5.2.20 A R**.
- (G) Interest rates.
- (H) Foreign exchange rates, and
- (I) Currencies.

- 32.3** A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market as set out in [Appendix 2](#).
- 32.4** A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and this Prospectus.
- 32.5** A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes or derivatives provided that a sale is not to be considered as uncovered if the conditions in [COLL 5.2.22R \(1\)](#) (Requirement to cover sales) as read in accordance with guidance at [COLL 5.2.22A G](#) are satisfied.
- 32.6** Any forward transaction must be made with an Eligible Institution or an Approved Bank.
- 32.7** A derivative includes an instrument which fulfils the following criteria:
- (A)** It allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying.
  - (B)** It does not result in the delivery or transfer of assets other than those referred to in [paragraph 2.1](#) above.
  - (C)** In the case of an OTC derivative, it complies with the requirements in [paragraph 36](#).
- 32.8** Its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons or entities whose assets are used as the underlying by that derivative.
- 32.9** The Company may not undertake transactions in derivatives on commodities.

### 33 Financial Indices Underlying Derivatives

33.1 The financial indices referred to in paragraph 32.2(F) are those which satisfy the following criteria:

- (A) The index is sufficiently diversified.
- (B) The index represents an adequate benchmark for the market to which it refers, and
- (C) The index is published in an appropriate manner.

33.2 A financial index is sufficiently diversified if:

- (A) 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.
- (B) Where it is composed of assets in which a Fund 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
- (C) Where it is composed of assets in which a Fund 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.

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

- (A) It measures the performance of a representative group of underlyings in a relevant and appropriate way.
- (B) 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
- (C) The underlyings are sufficiently liquid, allowing users to replicate it if necessary.

- 33.4** A financial index is published in an appropriate manner if:
- (A) 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
  - (B) 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.
- 33.5** 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 33.2**, be regarded as a combination of those underlyings.

#### **34 Transactions for the Purchase of Property**

- 34.1** A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if:
- (A) That property can be held for the account of the Fund, and
  - (B) 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 the COLL Sourcebook.

#### **35 Requirement to Cover Sales**

- 35.1** No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:
- (A) 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 (or, in Scotland, assignation) of rights, and
  - (B) The property and rights at **35.1(A)** are owned by the Fund at the time of the agreement.
- 35.2** Paragraph **35.1** does not apply to a deposit.

**35.3** Paragraph **35.1** can be met where:

- (A) 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
- (B) The ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the Fund's property which falls within one of the following asset classes:
  1. Cash.
  2. Liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts), or
  3. Other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g., haircuts where relevant).

**35.4** In the asset classes referred to in **35.3**, 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.

## **36 OTC Transactions in Derivatives**

**36.1** A transaction in an OTC derivative under paragraph **32.1(B)** must be:

- (A) With an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
  - An Eligible Institution or an Approved Bank, or
  - A person whose permission (including any requirements or limitations), as published in the Financial Services Register or whose home state authorisation, permits it to enter into the transaction as principal off-exchange.
- (B) On approved terms, the terms of the transaction in derivatives are approved only if the ACD:

- Carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (i.e., the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and
  - Can enter into one or more further transactions to sell, liquidate, or close out that transaction at any time, at its fair value, and
- (C) 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:
- On the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable, or
  - If the value referred to above is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology, and
- (D) Subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 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
  - 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.



## 37 Risk Management: Derivatives

- 37.1** The ACD uses a risk management process 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.
- 37.2** The following details of the risk management process must be notified by the ACD to the FCA in advance of the use of the process as required by **37.1**:
- (A) The methods for estimating risks in derivative and forward transactions, and
  - (B) A true and fair view of the types of derivative and forwards to be used within the Fund together with their underlying risks and any relevant quantitative limits.
- 37.3** The ACD must notify the FCA in advance of any material alteration to the details in **37.2(A)** and **37.2(B)**.

## 38 Derivatives Exposure and Cover

- 38.1** A Fund may invest in derivatives and forward transactions as long as the exposure to which the 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.
- 38.2** 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.
- 38.3** 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.

## 39 Cover and Borrowing

- 39.1** Cash obtained from borrowing, which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under **paragraph 38** (Derivatives exposure and cover) as long as the normal limits on borrowing (see below) are observed.
- 39.2** Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under **paragraph 30** (Borrowing powers) do not apply to that borrowing.
- 39.3** A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 39.4** Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme'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.
- 39.5** Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 39.6** 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.
- 39.7** The global exposure relating to derivatives and forward transactions held in a Fund may not exceed the net value of the Scheme Property.

## 40 Schemes Replicating an Index

- 40.1 Notwithstanding **paragraph 12** (Spread: general) a Fund may invest up to **20%** in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index which satisfies the criteria in section **40.5**.
- 40.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 40.3 The **20%** limit in **40.1** can be raised for a particular Fund up to **35%** in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions. In the event that **20%** limit is raised the ACD will provide appropriate information in the Prospectus in order to explain the ACD's assessment of why this increase is justified by exceptional market conditions.
- 40.4 In the case of a Fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 40.5 The indices referred to above are those which satisfy the following criteria:
- (A) The composition is sufficiently diversified.
  - (B) The index represents an adequate benchmark for the market to which it refers, and
  - (C) The index is published in an appropriate manner.
- 40.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

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

40.8 An index is published in an appropriate manner if:

(A) It is accessible to the public.

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

#### 41 Restrictions on Lending of Money

41.1 None of the money in the Scheme Property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

41.2 Acquiring a debenture is not lending for the purposes of paragraph 41.1; nor is the placing of money on deposit or in a current account.

41.3 Paragraph 41.1 does not prevent the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

#### 42 Restrictions on Lending of Property other than Money

42.1 The Scheme Property of the Fund other than money must not be lent by way of deposit or otherwise.

42.2 Transactions permitted by paragraph 21 are not lending for the purposes of paragraph 42.1.

42.3 The Scheme Property of the Fund must not be mortgaged.

42.4 Where transactions in derivatives or forward transactions are used for the account of the authorised fund in accordance with any of the rules in this chapter, nothing in this rule prevents the ICVC or the depositary at

the request of the ICVC, at the request of the authorised fund manager, from:

- a) Lending, depositing, pledging, or charging scheme property for margin requirements; or
- b) Transferring scheme property under the terms of an agreement in relation to margin requirements, provided that the authorised fund manager reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Unitholders.

### 43 Guarantees and Indemnities

43.1 The Fund or the Depositary for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

43.2 None of the Scheme Property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

43.3 Paragraphs 43.1 and 43.2 do not apply in respect of the Fund to:

- (A) Any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA rules.
- (B) An indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations.
- (C) An indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property, and
- (D) An indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of units in that scheme become the first Shareholders in the Fund.

## 44 Efficient Portfolio Management using Derivatives

44.1 Each Fund may utilise the Scheme Property of the Fund to enter into transactions for the purposes of hedging or EPM. Permitted EPM transactions include transactions in derivatives e.g., to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences; or synthetic futures in certain circumstances. The Funds may effect synthetic short positions by using derivatives for EPM purposes. There is no limit on the amount or value of the Scheme Property of any Fund which may be used for EPM, but the ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

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

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

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

44.4 Permitted EPM transactions must also fulfil the following criteria:

- (A) Their risks are adequately captured in risk management procedures implemented in relation to the Company, and
- (B) They cannot result in a change to a Fund’s declared investment objective or add supplementary risks in comparison to the general risk policy as described in this Prospectus.

While the use of EPM transactions will be in line with the best interests of the Fund, individual techniques may result in increased counterparty risk and potential conflicts of interest (examples include but are not limited to where the counterparty is a related party). Details of the relevant risks are set out in section 14 of the Prospectus headed “Risk Factors”.

All of the revenues arising from EPM transactions, net of direct and indirect operational costs, will be returned to the Company.

The Company will ensure, at all times, that the terms of EPM transactions, including any investment of cash collateral, will not impact on its ability to meet with its redemption obligations.

## 45 Government and Public Securities

List of individual states, local authorities or public international bodies issuing or guaranteeing the securities in which the Company may invest more than 35% and up to 100% in value of the Scheme Property of each Fund.

- (A) The government of or a local authority in the United Kingdom of Great Britain and Northern Ireland, or
- (B) The Scottish Administration, or
- (C) The Executive Committee of the Northern Ireland Assembly, or
- (D) The National Assembly for Wales, or
- (E) The government of any of the following countries or territories outside the United Kingdom:
  - 1. Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Portugal, Poland, Romania, Slovakia, Slovenia, Spain and Sweden, or
  - 2. Australia, Canada, Japan, New Zealand, Switzerland and the United States of America; or
- (F) Public securities issued by:
  - 1. The Council of Europe, or
  - 2. The European Bank of Reconstruction and Development, or
  - 3. The Europe Coal and Steel, European Community, or
  - 4. The European Investment Bank, or
  - 5. Eurofima, or
  - 6. The International Finance Corporation, or
  - 7. Nordic Investment Bank.



## Appendix 2 Eligible Markets

### Eligible Securities Markets

A market is eligible for the purposes of COLL if it is:

- (A) A market which is regulated, operates regularly, open to the public and in the United Kingdom or an EEA State, or
- (B) A regulated market as defined for the purposes of COLL, or
- (C) A market which the ACD, after consultation with and notification to the Depositary, has decided is appropriate for investment of, or dealing in, the scheme property of the Funds. Such markets must be included in a list in the prospectus, regulated, operate regularly, appropriately recognised by an overseas regulator, open to the public, adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

Each Fund may also deal through the securities markets and derivatives markets indicated below:

Figure 1: Eligible Securities Markets

Country	Exchange	Code
Australia	Australian Securities Exchange	XASX
Brazil	B3 S.A. - Brasil, Bolsa, Balcão	XBSP
Canada	Toronto Stock Exchange	XTSE
Chile	Santiago Exchange	XSGO
Colombia	Colombia Securities Exchange	XBOG
Hong Kong	Hong Kong Exchanges and Clearing	HKEx
India	BSE Ltd	XBOM
India	National Stock Exchange of India	XNSE
Indonesia	Indonesia Stock Exchange	XIDX
Israel	Tel Aviv Stock Exchange	XTAE
Japan	Tokyo Stock Exchange	XTKS
Malaysia	Stock Exchange of Malaysia	XKLS
Mexico	Mexican Stock Exchange	XMEX
New Zealand	New Zealand Exchange	XNZE
Singapore	Singapore Exchange	XSES
South Africa	Johannesburg Stock Exchange	XJSE
South Korea	Korea Exchange	XKRX
Switzerland	SIX Swiss Exchange	XSWX
Taiwan	Taiwan Stock Exchange	XTAI
Thailand	The Stock Exchange of Thailand	XBKK
Turkey	Istanbul Stock Exchange	XIST
United States	New York Stock Exchange	NYSE
United States	NYSE Arca Equities	ARCX
United States	NYSE Bonds	NYSE
United States	NYSE American	XASE
United States	The NASDAQ Stock Market	NASDAQ

Figure 2: Eligible Derivatives Markets

Country	Exchange	Code
Hong Kong	Hong Kong Futures Exchange	HKFE
Japan	Osaka Exchange	OSE
Singapore	Singapore Exchange	SGX
United States	Chicago Mercantile Exchange	CME
United States	Chicago Board of Trade Exchange	CBOT
United States	Chicago Board Options Exchange	CBOE
United States	Commodities Exchange	COMEX
United States	ICE Futures US	IFUS
United States	New York Mercantile Exchange	NYMEX
United States	NYSE Arca Options	ARCO
United States	NYSE American Options	AMXO

In addition, up to 10% in value of the Scheme Property of the Funds may be invested in transferable securities not covered in paragraphs 5.1 and 8 of Appendix 1.

## Appendix 3 Investment Objectives, Policies & Other Details of the Funds

### Courtiers UK Equity Income Fund

#### Investment Objective

*The Fund seeks to provide income and capital growth from a portfolio of UK company shares, over 5 years.*

#### Investment Policy

The Fund aims to achieve this by investing at least **90%** of its assets in shares of companies incorporated, domiciled, or having the predominant part of their business in the UK.

**The time horizon is not a recommendation to sell the investment at the end of that minimum period.**

The Fund may also invest in other transferable securities such as units/shares in other investment funds, global shares, investments issued by banks or governments that are a short-term loan to the issuer by the buyer, warrants, cash and near cash and deposits as set out **Appendix 1** of this Prospectus.

The Fund is expected to have typically between **30 and 40** individual company shares and will gain exposure to a broad range of sectors which may include large, medium, and small-sized companies. The ACD will use their expertise to assess each individual share and select good quality companies to achieve the Fund's objectives.

No more than **10%** of the Scheme Property of the Fund will be invested in other collective investment schemes.

#### Use of Derivatives

Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.

**The use of derivatives will generally not increase the risk profile of the Fund.**

#### Performance Comparator

Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents the UK investment management industry), to help investors to compare funds with broadly similar characteristics.

**The Courtiers UK Equity Income Fund is classified in the Investment Association UK Equity Income sector.**

Funds in this sector invest at least **80%** in UK equities.

#### Investor Profile

A retail or institutional investor, with an investment horizon of at least **5 to 10 years**, who is prepared to accept some risk.

**This time horizon is not a recommendation to sell your investment at the end of that minimum period.**

The Funds are designed to be used as part of an investor's portfolio of funds; the percentage of an investor's portfolio that is invested in each Fund will depend on the investor's attitude to risk

## Share Classes

R Shares (Accumulation)	I Shares (Accumulation)	I Shares (Income)
-------------------------	-------------------------	-------------------

## Currency

GBP Sterling
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## Annual Accounting Period

1 <sup>st</sup> October – 30 <sup>th</sup> September
--

## Interim Accounting Date

31 <sup>st</sup> March
------------------------

## Annual Income Allocation Date

30 <sup>th</sup> November
---------------------------

## Interim Income Allocation Date

31 <sup>st</sup> May
----------------------

	R Shares	I Shares
Minimum Investment	£1,000	£5,000,000
Minimum Subsequent Investment and Redemption	£1,000	£1,000
Minimum Holding	£1,000	£5,000,000
Initial Charge	0%	0%
Annual Management Charge	1.5%	0.75%**
Charged to	Capital	Capital
Grouping Periods for Income Equalisation	None in operation	

## Valuation Point

Each Business Day in the U.K. at 22:00
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## Subscription/Redemption Date

T* (i.e. any Business Day in the U.K.)
--

## Application Date and Cut-Off Time

T at 15:00
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## Settlement Date

T+3
-----

\* T is the day on which any subscription, redemption, Switching or Conversion application is processed by the ACD. Shareholders should note that applications received after the cut-off time on any Dealing Day will be processed on the following Dealing Day.

\*\* The Annual Management Charge applicable to I Shares is subject to the cap on administration charges described in this Prospectus.

## Courtiers Global (ex UK) Equity Income Fund

### Investment Objective

*The Fund aims to achieve capital growth and income from a portfolio of global company shares, over 5 years.*

### Investment Policy

The Fund seeks to achieve this by investing at least **90%** of its assets in shares of companies incorporated, domiciled, or having the predominant part of their business outside of the UK.

**The time horizon is not a recommendation to sell the investment at the end of that minimum period.**

The Fund may also invest in other transferable securities such as units/shares in investment funds, UK company shares, investments issued by banks or governments that are a short-term loan to the issuer by the buyer, warrants, cash and near cash and deposits as detailed in **Appendix 1** of this Prospectus.

The Fund is expected to have typically between **30 and 40** individual company shares and will gain exposure to a broad range of sectors in different geographic areas. The ACD will use their expertise to assess each individual share and select good quality companies to achieve the Fund's objectives.

No more than **10%** of the Scheme Property of the Fund will be invested in other collective investment schemes.

### Use of Derivatives

Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.

**The use of derivatives will generally not increase the risk profile of the Fund.**

### Performance Comparator

Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents the UK investment management industry), to help investors to compare funds with broadly similar characteristics.

**The Courtiers Investment Grade Bond Fund is classified in the Investment Association Global Bonds sector.**

Funds in this sector invest at least **80%** of their assets in fixed interest securities.

### Investor Profile

A retail or institutional investor, with an investment horizon of at least **5 to 10 years**, who is prepared to accept some risk.

**This time horizon is not a recommendation to sell your investment at the end of that minimum period.**

The Funds are designed to be used as part of an investor's portfolio of funds; the percentage of an investor's portfolio that is invested in each Fund will depend on the investor's attitude to risk

## Share Classes

R Shares (Accumulation)	I Shares (Accumulation)
-------------------------	-------------------------

## Currency

GBP Sterling
--------------

## Annual Accounting Period

1 <sup>st</sup> October – 30 <sup>th</sup> September
--

## Interim Accounting Date

31 <sup>st</sup> March
------------------------

## Annual Income Allocation Date

30 <sup>th</sup> November
---------------------------

## Interim Income Allocation Date

31 <sup>st</sup> May
----------------------

	R Shares	I Shares
Minimum Investment	£1,000	£5,000,000
Minimum Subsequent Investment and Redemption	£1,000	£1,000
Minimum Holding	£1,000	£5,000,000
Initial Charge	0%	0%
Annual Management Charge	1.5%	0.75%**
Charged to	Capital	Capital
Grouping Periods for Income Equalisation	None in operation	

## Valuation Point

Each Business Day in the U.K. at 22:00
--

## Subscription/Redemption Date

T* (i.e., any Business Day in the U.K.)
---

## Application Date and Cut-Off Time

T at 15:00
------------

## Settlement Date

T+3
-----

\* T is the day on which any subscription, redemption, Switching or Conversion application is processed by the ACD. Shareholders should note that applications received after the cut-off time on any Dealing Day will be processed on the following Dealing Day.

\*\* The Annual Management Charge applicable to I Shares is subject to the cap on administration charges described in this Prospectus.

## Courtiers Investment Grade Bond Fund

### Investment Objective

*The Fund seeks to achieve income and capital growth, through investment in a portfolio of investment grade securities, over 5 years.*

### Investment Policy

The Fund aims to achieve this by investing at least **90%** of its assets in investment grade bonds worldwide. Investment grade is a rating which is BBB or higher from the rating agency Standard & Poor's or the equivalent rating of another internationally recognised rating agency such as Fitch or Moody's.

**The above time horizon is not a recommendation to sell the investment at the end of that minimum period.**

The Fund may also invest in other transferable securities such as units/shares in investment funds, warrants, investments issued by banks or governments that are a short-term loan to the issuer by the buyer, and near cash and deposits and other permitted securities as set out in **Appendix 1** of this Prospectus.

The Fund is expected to have typically between **8 and 15** investment grade government and non-government fixed and variable interest rate securities globally.

No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes.

### Use of Derivatives

Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.

**The use of derivatives will generally not increase the risk profile of the Fund.**

### Performance Comparator

Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents the UK investment management industry), to help investors to compare funds with broadly similar characteristics.

**The Courtiers Global (ex-UK) Equity Income Fund is classified in the Investment Association Global Equity Income sector.**

Funds in this sector invest at least **80%** of their assets globally in shares.

### Investor Profile

A retail or institutional investor, with an investment horizon of at least **5 to 10 years**, who is prepared to accept some risk.

**This time horizon is not a recommendation to sell your investment at the end of that minimum period.**

The Funds are designed to be used as part of an investor's portfolio of funds; the percentage of an investor's portfolio that is invested in each Fund will depend on the investor's attitude to risk

## Share Classes

R Shares (Accumulation)	I Shares (Accumulation)
-------------------------	-------------------------

## Currency

GBP Sterling
--------------

## Annual Accounting Period

1 <sup>st</sup> October – 30 <sup>th</sup> September
--

## Interim Accounting Date

31 <sup>st</sup> March
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## Annual Income Allocation Date

30 <sup>th</sup> November
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## Interim Income Allocation Date

31 <sup>st</sup> May
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	R Shares	I Shares
Minimum Investment	£1,000	£5,000,000
Minimum Subsequent Investment and Redemption	£1,000	£1,000
Minimum Holding	£1,000	£5,000,000
Initial Charge	0%	0%
Annual Management Charge	1.0%	0.75%**
Charged to	Capital	Capital
Grouping Periods for Income Equalisation	None in operation	

## Valuation Point

Each Business Day in the U.K. at 22:00
--

## Subscription/Redemption Date

T* (i.e., any Business Day in the U.K.)
---

## Application Date and Cut-Off Time

T at 15:00
------------

## Settlement Date

T+3
-----

\* T is the day on which any subscription, redemption, Switching or Conversion application is processed by the ACD. Shareholders should note that applications received after the cut-off time on any Dealing Day will be processed on the following Dealing Day.

\*\* The Annual Management Charge applicable to I Shares is subject to the cap on administration charges described in this Prospectus.



## Investment Objective

*The Fund aims to achieve Capital Growth and Income from a portfolio of global company shares over a period of between 5 to 10 years*<sup>5</sup>

## Investment Policy

The Fund will invest at least 90% of its assets in ethically screened Global shares. All stocks within the fund are listed on the MSCI World IMI Index.

These global shares are assessed using data from the third-party service provider in order to determine if they meet the Courtiers Ethical Screening Criteria. This is a negative screening process and exclusions have been determined based upon the criteria and restrictions outlined below in respect of any negative social and environmental impacts the excluded areas have and/or appear to have.

All permissible investments must adhere to the restrictions applied by the **Courtiers Ethical Screening Criteria** which is the initial stage of the investment process into the fund. This is a negative (exclusionary) screen which is applied to companies in order to ascertain their ESG (Environmental, Social & Governance) scoring. The Investment Team understands that there is no one-size-fits all approach to ethical investing and the screening exclusions, have been determined based upon the negative social and environmental impact the excluded areas have and/or appear to have. Only those companies fulfilling the screening criteria will be considered as 'permissible' securities into the fund.

The **Courtiers Ethical Screening Criteria** involves the following process in order to define the ethical universe.

### Full Exclusions:

- |                                       |                      |
|---------------------------------------|----------------------|
| • Adult Entertainment                 | • Intensive Farming  |
| • Animal Testing                      | • Nuclear            |
| • Armaments                           | • Palm Oil           |
| • Fossil Fuels                        | • Pesticides         |
| • Fur                                 | • Predatory Lending  |
| • Genetically Modified Plants & Seeds | • Stem Cell Research |

Companies involved in any of these areas will be fully excluded and therefore not permitted as investments within the fund.

### Revenue Cap Exclusions:

- |            |  |
|------------|--|
| • Alcohol  | • Non-weapon related military support services |
| • Gambling | • Tobacco                                      |

Companies that derive more than 10% of their revenue from any of these areas will be excluded and therefore, not permitted as investments within the fund.<sup>6</sup>

<sup>5</sup> Only shares aligning with the ethical negative screen applied by the Courtiers Ethical Screening Criteria will be considered permissible investments for the fund.

<sup>6</sup> For more information on the screening process see below.

## Investment Policy (continued)

Documents detailing the Courtiers Ethical Value Equity Fund screening criteria, ESG Factors in Courtiers Funds and the Ethical Value Equity Fund Investment Process are available on request or can be downloaded from the company website [www.courtiers.co.uk](http://www.courtiers.co.uk)

**Courtiers Ethical Screening Criteria may not align with the ethical preferences of all investors.**

Positive screening will not be applied to the Fund. The Fund will only apply the exclusions detailed within the screening criteria. The Fund will not look to invest for a specific impact <sup>7</sup> (e.g., mitigate climate change). The Fund intends to increase consumer choice and provides an opportunity for investors that wish to invest aligned with Courtiers Value Investing ethos <sup>8</sup> but who would prefer a restricted universe of permissible investments (for example, via the exclusions of fossil fuels) than that of existing Courtiers Equity Income Funds. The remainder of the investment process will remain consistent with the existing Courtiers Equity Income Funds.

The Fund is expected to have between 30 and 50 individual company shares on an equally weighted basis and will gain exposure to a broad range of sectors in different geographic areas.

There may be an overlap of holdings between the existing Courtiers Equity Income Funds and the Courtiers Ethical Value Equity Fund provided the holdings in the latter meet the Courtiers Ethical Screening Criteria.

**If a position is held within the fund and subsequently found to be in breach of the Courtiers Ethical Screening Criteria, this will be sold from the fund at the earliest opportunity.**

The ACD will use their expertise to assess each individual share and select good quality companies to achieve the Fund's objectives.

The Fund may also invest in other investment Funds (which may include other Funds managed by the ACD and third-party Funds), investments issued by banks or governments <sup>9</sup> that are a short-term loan to the issuer by the buyer, warrants, cash, and deposits. as detailed in Appendix 1 of this Prospectus.

These investments will also be required to align with the Courtiers Ethical Screening Criteria.

No more than 10% of the Scheme Property of the Fund will be invested in other collective investment schemes subject to the ethical screening criteria.

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<sup>7</sup> Impact investing is a general investment strategy that seeks to generate financial returns while also creating a positive social or environmental impact. <https://www.investopedia.com/terms/i/impact-investing.asp>

<sup>8</sup> Value investing is an investment strategy that involves picking stocks that appear to be trading for less than their intrinsic or book value. <https://www.investopedia.com/terms/v/valueinvesting.asp>

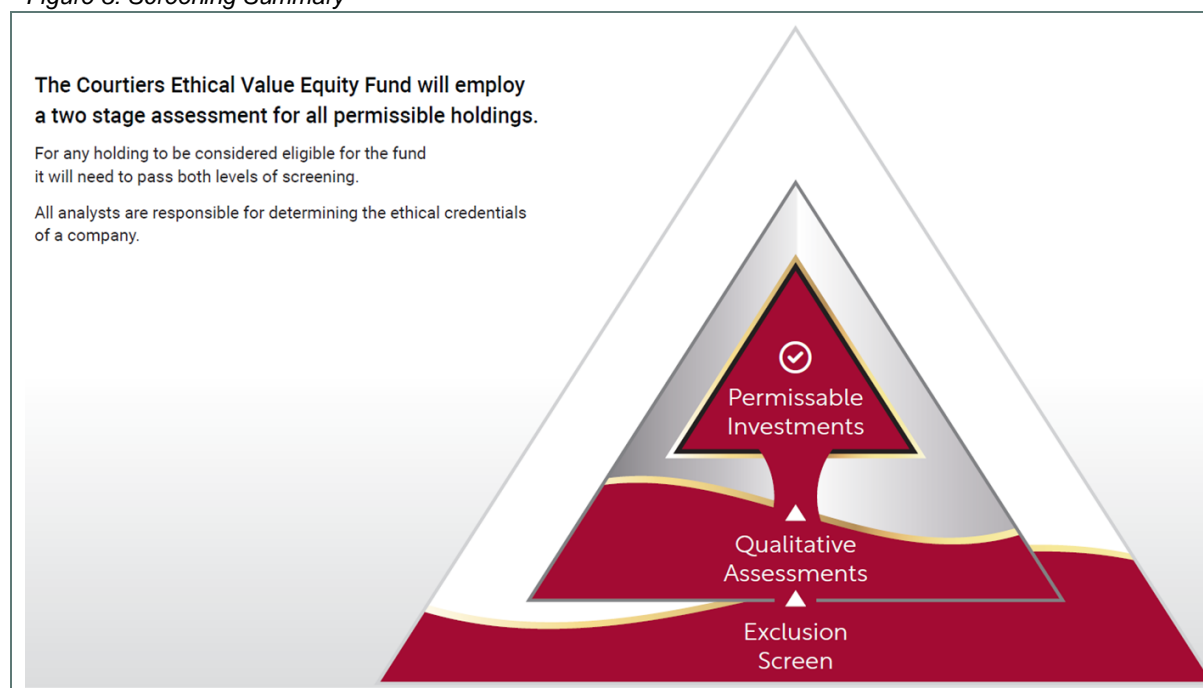
<sup>9</sup> The ethical credentials of any permissible holdings would need to be determined. Due to the equity nature of the fund, it is unlikely government bonds would be held. If the fund were to hold a government bond it within the fund which would be subject to analysis by a Courtiers Sector Analyst. If the ethical credentials cannot be determined it would not be a permissible investment

## Ethical Value Equity Fund Screening Process

An independent third-party provider has been chosen following a review of ESG data providers within the market. Alternative third-party providers may be considered in the future. All methodologies and calculations are property of the independent third party.

The assessment of companies by the independent third-party data provider will take account of all entities owned by a company and will provide both scored values (e.g., ESG Risk Score) as well as binary values (e.g., a company will either be involved with a specific product area, or it will not).

Figure 3: Screening Summary



### Stage 1: Exclusion Screen

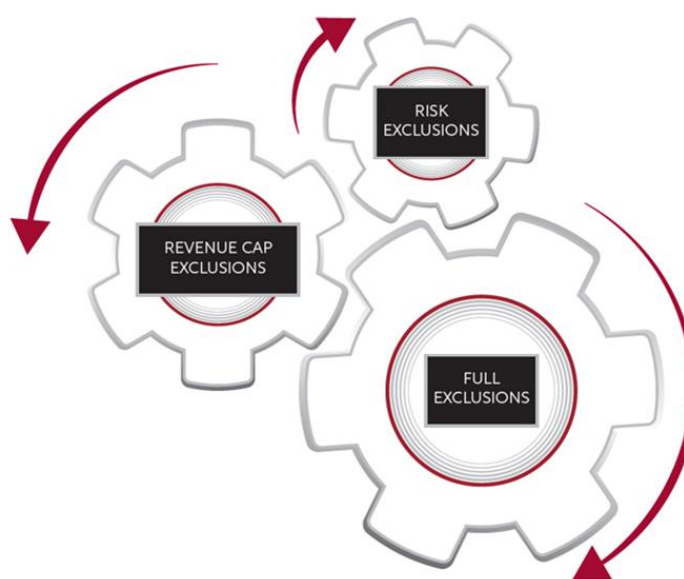
Figure 4: Exclusion Screen

The screen is run in conjunction with the data provided by an independent third-party provider. Any company will be excluded if no sustainability data is available.

The screen applies three differing levels of exclusions (see right).

The exclusion screen will be re-run quarterly and the screen applied is binary in that a company will either pass the screen or will not.

If a company is flagged in any of these three levels it will not be permissible as an investment into the fund.

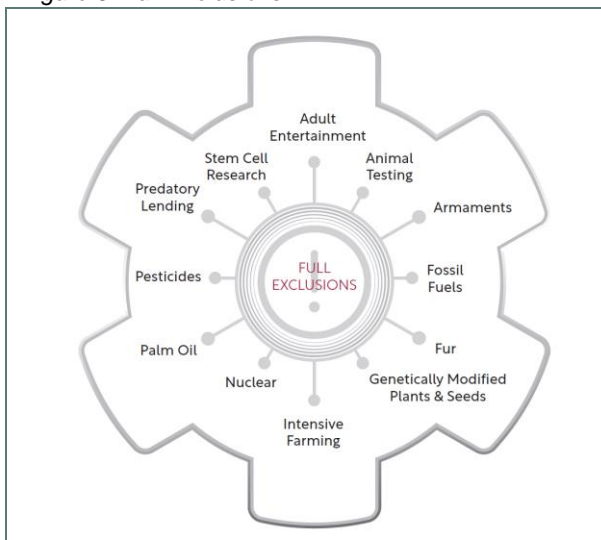


## Ethical Value Equity Fund Screening Criteria

### Full Exclusions

Companies involved in any of these areas will be fully excluded and therefore not permitted as investments within the fund.

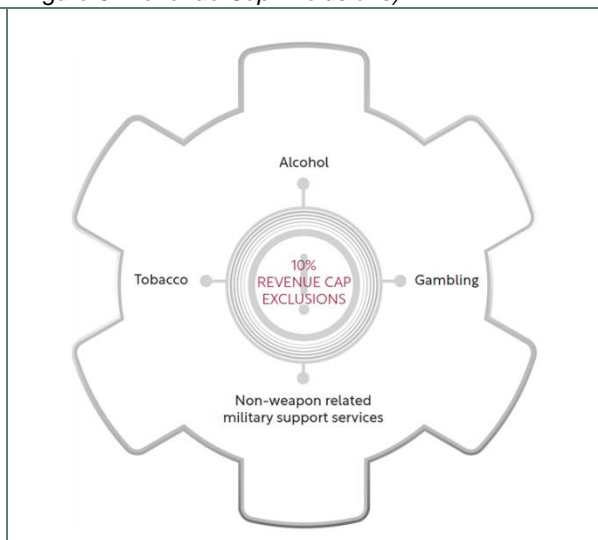
Figure 5: Full Exclusions



### Revenue Cap Exclusions

Companies that derive more than 10% of their revenue from any of these areas will be excluded and therefore, not permitted as investments within the fund.

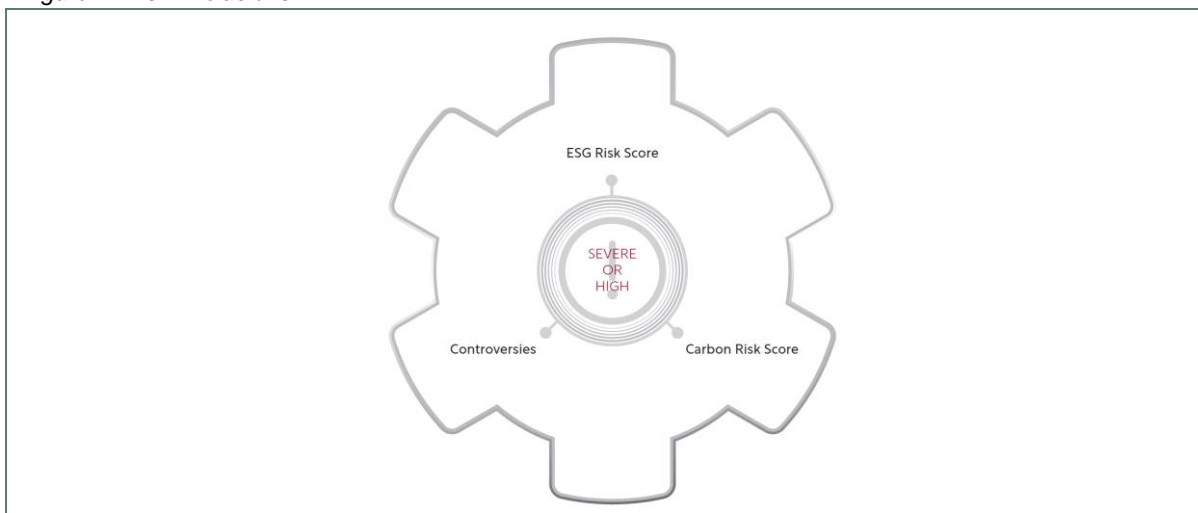
Figure 6: Revenue Cap Exclusions



### Risk Exclusions

Companies with any of these characteristics will be excluded as permissible investments in the fund.

Figure 7: Risk Exclusions



The exclusion criterion includes both full exclusions and revenue-based exclusions and a sector specific analyst will review any data provided by the third-party provider.

The screen has been designed on a general consensus approach and each individual investor will need to determine whether the screen applied to the fund aligns with their own ethical investment principles. Permissible investments into the Fund will only be those meeting the screening process. This output will then be subject to the second stage analysis.

## Stage 2: Qualitative Assessment

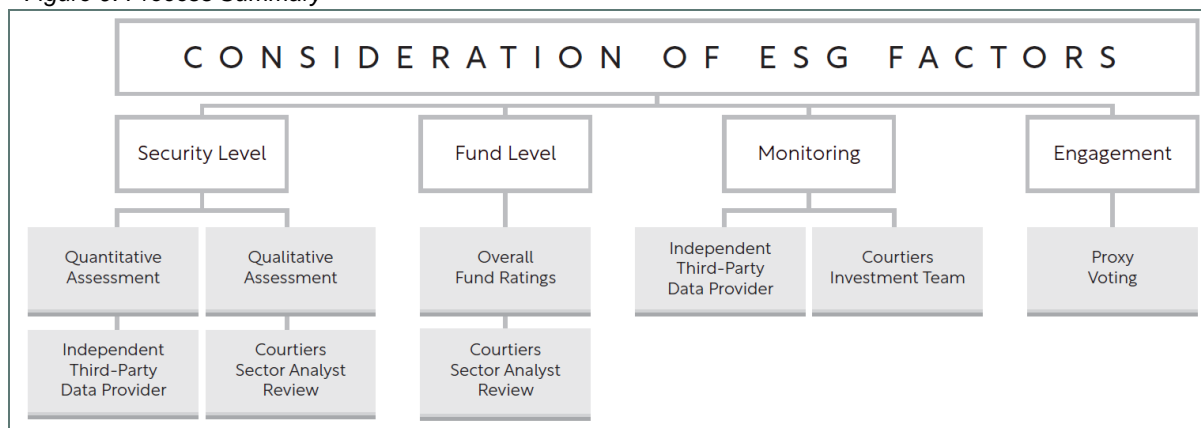
Following the exclusion screen, the Courtiers sector analyst will consider these areas on a case-by-case basis. If a company is found to be in breach of any area, it will not be considered as a permissible investment for the fund.

Figure 8: Qualitative Assessment



## Process Summary

Figure 9: Process Summary



Subsequently the securities are short-listed to undergo a quantitative analysis as per the Courtiers Quantitative Equity Selection Model (QESM) model outlined previously

This granular and methodical stock selection approach will define the best-fit stocks as permissible investments into the Fund. It is not anticipated that the Fund will look to invest in secondary asset classes.

The remainder of the investment process will remain consistent with the existing Courtiers Equity Income Funds under the QESM (Quantitative Equity Selection Model)

**Certain securities may be held in more than one Fund and may therefore not be mutually exclusive to the Courtiers Ethical Value Equity Fund alone.**

## Value Stock Selection Process (QESM)

The Courtiers proprietary QESM (Quantitative Equity Selection Model) is an internal model which ranks stocks relative to their region and sector using value, dividend yield and quality factors in order to provide an initial

The stages involved in this selection process are as follows:

The initial stock selection universe is the MSCI World IMI Index<sup>10</sup>. From this initial index the following stages are applied.

### Stage 1: Screening the Investment Universe

- Remove stocks with a free float less than 50%
  - Free float refers to the shares of a company that can be publicly traded and are not restricted.
- Remove stocks with a market capitalisation less than £100m
- Security Type Screen (Investment Trusts are excluded)

### Stage 2: Factor Screen

- Limiting the universe to stocks with strong value and yield characteristics
- Intra-sector normalised value ranking
- Total factor scores of less than 0.5 are excluded
- Non-dividend payers are excluded

### Stage 3: Ranking

- Those stocks that have passed through the processes outlined above (Ethical Screening and Value Stock Selection are then scrutinised)
- The value score and quality score are combined to provide a ranking for each of the stocks in the shortlist
- The Investment Team considers the shortlist within its weekly meetings
- Sector weightings are considered to limit sector specific risk
- Stocks selected passed to the relevant sector analyst for further review

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<sup>10</sup> The MSCI World Investable Market Index (IMI) captures large, mid and small cap representation across 23 Developed Markets countries

#### Stage 4: Sector Analyst Review

- Qualitative approach is implemented to the review of the business
- Volatility and Liquidity assessments are conducted
- Financial strength is assessed
- Future prospects of the business are considered

#### Use of Derivatives

Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used in limited circumstances to reduce risk or cost and/or to generate extra income and growth. Any derivative used will be required to meet the ethical screening criteria. If the ethical credentials of the derivatives cannot be ascertained these will not be permissible investments for the fund.

**The use of derivatives will generally not increase the risk profile of the Fund.**

#### Performance Comparator

The Fund is actively managed which means that the Fund Manager will select investments to achieve the Fund's objectives and policy. The Fund is not constrained by a benchmark and no benchmark has yet been specified for the fund. The starting index used prior to the ethical screen is the MSCI World IMI. Based on the current screening results only ~44% (2073 securities out of 6094 securities within the index) of the MSCI World would be considered permissible investments for the fund. Resultantly, performance comparisons would be misleading if compared to the full holdings of the starting index.

While the fund currently does not have a specific designated benchmark ultimately the relevant Investment Association (IA) sector that may be considered a peer group for performance comparison purposes is the Investment Association Global Equity Income sector. Funds in this IA sector invest at least **80%** of their assets globally in shares.

#### Investor Profile

A retail or institutional investor, with an investment horizon of between **5 and 10 years**, and who is prepared to accept some risk. The investor will need to determine whether the Courtiers Ethical Screening Criteria applied aligns with their own investment preferences and principles.

**This time horizon is not a recommendation to sell your investment at the end of that minimum period.**

The Funds are designed to be used as part of an investor's portfolio of funds; the percentage of an investor's portfolio that is invested in each Fund will depend on the investor's attitude to risk

#### Engagement (Stewardship)

The analyst will consider areas of engagement with the Investment Team. The level of engagement will depend on the nature of the issue raised. The Investment Team will actively engage in the execution of proxy voting which may be completed in conjunction with proxy research provided by a third party. Management engagement will be considered where deemed appropriate. The Investment Team would not look to obtain a position on a company board.

## Share Classes

R Shares (Accumulation)	I Shares (Accumulation)
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## Currency

GBP Sterling
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## Annual Accounting Period

1 <sup>st</sup> October – 30 <sup>th</sup> September
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## Interim Accounting Date

31 <sup>st</sup> March
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## Annual Income Allocation Date

30 <sup>th</sup> November
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## Interim Income Allocation Date

31 <sup>st</sup> May
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	R Shares	I Shares
Minimum Investment	£1,000	£5,000,000
Minimum Subsequent Investment and Redemption	£1,000	£1,000
Minimum Holding	£1,000	£5,000,000
Initial Charge	0%	0%
Annual Management Charge	1.5%	0.75%**
Charged to	Capital	Capital
Grouping Periods for Income Equalisation	None in operation	

## Valuation Point

Each Business Day in the U.K. at 22:00
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## Subscription/Redemption Date

T* (i.e., any Business Day in the U.K.)
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## Application Date and Cut-Off Time

T at 15:00
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## Settlement Date

T+3
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\* T is the day on which any subscription, redemption, Switching or Conversion application is processed by the ACD. Shareholders should note that applications received after the cut-off time on any Dealing Day will be processed on the following Dealing Day.

\*\* The Annual Management Charge applicable to I Shares is subject to the cap on administration charges described in this Prospectus.



## Appendix 4 Past Performance<sup>11</sup>

### Courtiers UK Equity Income Fund

Figure 10: Courtiers UK Equity Income Fund: Past Performance

Year	I Shares (Accumulation)	I Shares (Income)	R Shares (Accumulation)	IA UK Equity Income Sector <sup>12</sup>
2017	20.50%		19.47%	11.69%
2018	(9.85%)		(10.43%)	(10.58%)
2019	28.64%		27.64%	20.14%
2020	(11.07%)	(13.02%)	(11.73%)	(11.08%)
2021	29.74%	26.78%	28.83%	18.34%
2022	-10.59%	-9.92%	-11.24%	-1.68%

### Courtiers Global ex-UK Equity Income Fund

Figure 11: Courtiers Global (ex-UK) Equity Income Fund: Past Performance

Year	I Shares (Accumulation)	R Shares (Accumulation)	IA Global Equity Income Sector <sup>13</sup>
2017	8.35%	7.54%	10.78%
2018	(7.77%)	(8.40%)	(5.69%)
2019	13.72%	12.85%	18.93%
2020	4.98%	4.14%	3.36%
2021	20.36%	19.47%	19.33%
2022	-5.76%	-6.43%	-2.04%

### Courtiers Investment Grade Bond Fund

Figure 12: Courtiers Investment Grade Bond Fund: Past Performance

Year	I Shares (Accumulation)	R Shares (Accumulation)	IA Global Bonds Sector <sup>14</sup>
2017	(4.68%)	(4.96%)	2.83%
2018	2.02%	1.84%	(1.38%)
2019	0.47%	1.43%	5.56%
2020	0.47%	0.19%	5.49%
2021	0.37%	0.09%	(1.31%)
2022	1.49%	1.40%	-10.29%

Source: Morningstar. Performance shown in net of UK tax, income reinvested

The price of stocks, shares and funds, and the income from them, may fall as well as rise. Investors may not get back the full amount invested. Past performance is not a guide to future performance.

<sup>11</sup> **Performance:** Total return with initial charge excluded, but inclusive of annual charges.

<sup>12</sup> Investment Association UK Equity Income Sector.

<sup>13</sup> Investment Association Global Equity Income Sector.

<sup>14</sup> Investment Association Global Bonds Sector.

## Appendix 5 Other UK - Authorised Collective Investment Schemes Operated by the ACD

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The ACD is also the authorised corporate director of the following United Kingdom domiciled authorised OEICS:

- Courtiers Investment Funds ICVC

## Appendix 6 List of Depository Sub-Delegates

Figure 13: Depository Sub-Delegates

Country	Sub-Custodian
Argentina	The branch of Citibank NA in the Republic of Argentina
Australia	Citigroup Pty. Limited
Austria	Citibank Europe plc Dublin
Bahrain	Citibank, N.A., Bahrain
Bangladesh	Citibank, N.A., Bangladesh
Belgium	Citibank Europe plc, UK Branch
Benin	Standard Chartered Bank, Cote d'Ivoire
Bermuda	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Bermuda Limited
Bosnia-Herzegovina (Sarajevo)	UniCredit Bank d.d.
Bosnia-Herzegovina: Srpska (Banja Luka)	UniCredit Bank d.d.
Botswana	Standard Chartered Bank of Botswana Limited
Brazil	Citibank, N.A., Brazilian Branch
Bulgaria	Citibank Europe plc, Bulgaria Branch
Burkina Faso	Standard Chartered Bank, Cote D'Ivoire
Canada	Citibank, Canada
Chile	Banco de Chile
China B Shanghai	Citibank, N.A., Hong Kong Branch (For China B shares)
China B Shenzhen	Citibank, N.A., Hong Kong Branch (For China B shares)
China A Shares	Citibank China Co Ltd ( China A shares)
China Hong Kong Stock Connect	Citibank, N.A., Hong Kong Branch
Clearstream ICSD	ICSD
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna Banka Zagreb d.d.
Cyprus	Citibank Europe plc, Greece Branch
Czech Republic	Citibank Europe plc, organizacni slozka
Denmark	Citibank Europe plc, Dublin
Egypt	Citibank, N.A., Cairo Branch
Estonia	Swedbank AS
Euroclear	ICSD
Finland	Nordea Bank AB (publ), Finnish Branch
France	Citibank Europe plc, UK branch
Georgia	JSC Bank of Georgia
Germany	Citibank Europe plc (CEP)
Ghana	Standard Chartered Bank of Ghana Limited
Greece	Citibank Europe plc, Greece Branch
Guinea Bissau	Standard Chartered Bank Cote D'Ivoire
Hong Kong	Citibank N.A. Hong Kong
Hungary	Citibank Europe plc, Hungarian Branch Office
Iceland	Citibank is a direct member of Clearstream Banking, an ICSD
India	Citibank N.A., Mumbai Branch
Ireland	Citibank N.A., London Branch
Israel	Citibank, N.A., Israel Branch
Italy	Citibank, N.A., Milan Branch
Ivory coast	Standard Chartered Bank, Cote d'Ivoire
Jamaica	Scotia Investments Jamaica Limited
Japan	Citibank N.A., Tokyo Branch
Jordan	Standard Chartered Bank Jordan Branch
Kazakhstan	Citibank Kazakhstan JSC
Kenya	Standard Chartered Bank Kenya Limited
Korea (South)	Citibank Korea Inc.
Kuwait	Citibank N.A. Kuwait Branch

Country	Sub-Custodian
Latvia	Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS
Lebanon	BlomInvest Bank S.A.L.
Lithuania	Swedbank AS, based in Estonia and acting through its Lithuanian branch "Swedbank" AB
Luxembourg	Only offered through the ICSDs - Euroclear & Clearstream
Macedonia	Raiffeisen Bank International AG
Malaysia	Citibank Berhad
Mali	Standard Chartered Bank Cote d'Ivoire
Malta	Citibank is a direct member of Clearstream Banking, which is an ICSD
Mauritius	The Hong Kong & Shanghai Banking Corporation Limited
Mexico	Banco Nacional de Mexico
Morocco	Citibank Maghreb
Namibia	Standard Bank of South Africa Limited acting through its agent, Standard Bank Namibia Limited
Netherlands	Citibank Europe plc, UK Branch
New Zealand	Citibank, N.A., New Zealand Branch
Niger	Standard Chartered Bank Cote d'Ivoire
Nigeria	Citibank Nigeria Limited
Norway	Citibank Europe plc
Oman	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Oman S.A.O.G
Pakistan	Citibank, N.A. Karachi
Panama	Citibank N.A. Panama Branch
Peru	Citibank del Peru S.A.
Philippines	Citibank, N.A., Manila Branch
Poland	Bank Handlowy w Warszawie S.A.
Portugal	Citibank Europe plc, Dublin
Qatar	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited
Romania	Citibank Europe plc, Dublin - Romania Branch
Russia	AO Citibank
Saudi Arabia	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Saudi Arabia Ltd.
Senegal	Standard Chartered Bank Cote d'Ivoire
Serbia	UniCredit Bank Srbija A.D.
Singapore	Citibank, N.A., Singapore Branch
Slovak Republic	Citibank Europe plc Pobočka Zahranicnej Banky
Slovenia	UniCredit Banka Slovenia d.d. Ljubljana
South Africa	Citibank N.A. South Africa Branch
Spain	Citibank Europe plc, Sucursal en Espana
Sri Lanka	Citibank N.A. Colombo Branch
Sweden	Citibank Europe plc, Sweden Branch
Switzerland	Citibank N.A. London Branch
Taiwan	Citibank Taiwan Limited
Tanzania	Standard Bank of South Africa acting through its affiliate Stanbic Bank Tanzania Ltd
Togo	Standard Chartered Bank Cote d'Ivoire
Thailand	Citibank, N.A., Bangkok Branch
Tunisia	Union Internationale de Banques
Turkey	Citibank, A.S.
Uganda	Standard Chartered Bank of Uganda Limited
Ukraine	JSC Citibank
United Arab Emirates ADX & DFM	Citibank N.A. UAE
United Arab Emirates NASDAQ Dubai	Citibank N.A. UAE
United Kingdom	Citibank N.A. London Branch

<b>Country</b>	<b>Sub-Custodian</b>
United States	Citibank N.A. New York offices
Uruguay	Banco Itau Uruguay S.A.
Venezuela	Citibank, N.A., Venezuela Branch
Vietnam	Citibank N.A. Hanoi Branch
Zambia	Standard Chartered Bank Zambia plc
Zimbabwe	Standard Bank of South Africa Ltd. acting through its affiliate Stanbic Bank Zimbabwe Ltd.