

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

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

**PROSPECTUS**

**OF**

**THE AURINKO FUND**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000104)**

**(A UK UCITS Scheme with FCA Product Reference Number: 194948)**

This document constitutes the Prospectus for The Aurinko Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL).

This Prospectus is dated, and is valid as at 9 October 2024.

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

## CONTENTS

Clause		Page
1	DEFINITIONS .....	7
2	DETAILS OF THE COMPANY .....	14
2.1	General Information .....	14
2.1.1	General .....	14
2.1.2	Head Office .....	14
2.1.3	Address for Service .....	14
2.1.4	Base Currency .....	14
2.1.5	Share Capital .....	14
2.2	The structure of the Company .....	15
2.2.1	The Company .....	15
2.2.2	Shares.....	15
4.1	Money laundering .....	19
4.2	Buying Shares .....	19
4.2.1	Procedure .....	19
0	Documents the buyer will receive .....	21
0	Minimum subscriptions and holdings .....	21
4.3	Redeeming Shares.....	22
4.3.1	Procedure .....	22
4.3.2	Documents a redeeming Shareholder will receive .....	22
4.3.3	Minimum redemption.....	23
4.4	Switching .....	23
4.5	Dealing Charges .....	25
4.5.1	Initial charge .....	25
4.5.2	Redemption Charge.....	26
4.5.23	Switching Charge.....	26
4.5.4	Dilution Levy.....	26
4.5.5	Stamp duty reserve tax ('SDRT').....	27
4.5.5	Stamp duty reserve tax ('SDRT').....	28
4.6	Transfers .....	28
4.7	Restrictions and Compulsory Transfer and Redemption .....	28
4.8	Issue of Shares in exchange for in specie assets.....	29
4.9	In specie redemptions .....	29
4.10	Suspension of dealings in the Company .....	30
4.11	Governing law .....	30
5	VALUATION OF THE COMPANY .....	31
5.1	General .....	31
5.2	Calculation of the Net Asset Value .....	31
5.3	Price per Share in each Class.....	34
5.4	Pricing basis.....	34
5.5	Publication of Prices.....	34
6	RISK FACTORS .....	36
6.1	General .....	36
6.2	Effect of Initial Charge or Redemption Charge .....	36
5.3	Emerging Markets .....	36

	5.4	Tax .....	38
	5.5	Inflation and Interest Rates.....	38
	5.6	Unlisted Investments .....	38
	5.7	Dilution .....	38
	6.8	Suspension of Dealings in Shares.....	38
	6.9	Currency Exchange Rates .....	38
	6.10	Derivatives .....	38
	6.11	Credit and Fixed Interest Securities.....	39
	6.12	Liquidity .....	40
	6.13	Custody .....	40
	6.14	Counterparty and Settlement Risk.....	40
	6.15	Counterparty Risk in OTC Markets.....	40
7		MANAGEMENT AND ADMINISTRATION .....	42
	7.1	Regulatory Status .....	42
	7.2	Authorised Corporate Director .....	42
		7.2.1 General .....	42
		7.2.2 Terms of Appointment: .....	43
	7.3	The Depository .....	44
	7.4	The Investment Managers.....	46
		7.4.1 General .....	46
		7.4.2 Terms of Appointment: .....	47
	7.5	The Registrar .....	48
		7.5.1 General .....	48
		7.5.2 Register of Shareholders.....	48
	7.6	The Auditors .....	49
	7.7	Conflicts of Interest .....	50
8		FEES AND EXPENSES .....	52
	8.1	Ongoing.....	52
	8.2	Charges payable to the ACD .....	54
		8.2.1 Annual Management Charge.....	54
		8.2.2 Registration Fees.....	54
		8.2.3 Expenses.....	55
	8.3	Depository's fee and expenses .....	55
	8.4	Investment Managers' fees .....	57
9		INSTRUMENT OF INCORPORATION.....	57
10		SHAREHOLDER MEETINGS AND VOTING RIGHTS .....	57
	10.1	Class and Company Meetings .....	57
	10.2	Requisitions of Meetings .....	58
	10.3	Notice and Quorum .....	58
	10.4	Voting Rights.....	58
	10.5	Variation of Class rights.....	59
12		WINDING UP OF THE COMPANY .....	63
13		GENERAL INFORMATION .....	66
	13.1	Accounting Periods.....	66
	13.2	Notice to Shareholders .....	66
	13.3	Income Allocations .....	66

13.4	Annual Reports .....	67
13.5	Documents of the Company .....	67
13.6	Material Contracts .....	67
13.7	Provision of Investment Advice .....	68
13.8	Telephone Recordings .....	68
13.9	Complaints .....	69
13.10	Best Execution .....	69
13.11	Inducements and Soft Commission .....	69
13.12	Genuine Diversity of Ownership (GDO).....	70
13.13	COMPENSATION .....	70
13.14	Risk Management.....	70
13.15	Indemnity.....	70
13.16	Strategy for the exercise of voting rights .....	71
APPENDIX I.....		71
COMPANY DETAILS.....		71
APPENDIX II .....		74
ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS .....		74
APPENDIX III .....		75
INVESTMENT AND BORROWING POWERS OF THE COMPANY .....		75
APPENDIX IV .....		102
LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD .....		102
APPENDIX V .....		104
PAST PERFORMANCE TABLE FOR THE COMPANY AND INVESTOR PROFILE .....		104
APPENDIX VI .....		106
DIRECTORY .....		106

## **Important Information**

No person has been authorised by the Company or the ACD to give any information or to 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 upon as having been made by the Company or the ACD. 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.

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

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 offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

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

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Evelyn Partners Fund Solutions Limited.

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

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

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

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

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

1. **DEFINITIONS**

- “ACD”** Evelyn Partners Fund Solutions Limited, the authorised corporate director of the Company.
- “ACD Agreement”** an agreement between the Company and the ACD.
- “Approved Bank”** (in relation to a bank account opened by the Company):
- (a) if the account is opened at a branch in the United Kingdom:
    - (i) the Bank of England; or
    - (ii) the central bank of a member state of the OECD; or
    - (iii) a bank; or
    - (iv) a building society; or
    - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - (b) if the account is opened elsewhere:
    - (i) a bank in (a); or
    - (ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or
    - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
    - (iv) a bank supervised by the South African Reserve Bank.

<b>“Associate”</b>	any other person whose business or domestic relationship with the ACD or the ACD’s associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.
<b>“Auditor”</b>	Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Company from time to time.
<b>“Business Day”</b>	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company’s portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such.
<b>“Class” or “Classes”</b>	in relation to Shares, means (according to the context) all of the Shares related to the Company or a particular class or classes of Share related to the Company.
<b>“Client Money”</b>	means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified.
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook.
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook (or once it is implemented the Investments Funds Sourcebook) issued by the FCA as amended from time to time.
<b>“Company”</b>	The Aurinko Fund.
<b>“Dealing Day”</b>	each Friday which is a Business Day and the last Business Day of each month, or such other day as the ACD may determine to avoid



excessive periods between valuations that would otherwise be caused by the incidence of non-Business Days.

<b>“Depositary”</b>	NatWest Trustee & Depositary Services Limited , or such other entity as is appointed to act as Depositary.
<b>“Director” or “Directors”</b>	the directors of the Company from time to time (including the ACD).
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area.
<b>“Efficient Portfolio Management” or “EPM”</b>	for the purposes of this Prospectus, means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of costs or the generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL.
<b>“Eligible Institution”</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook.
<b>“EMT”</b>	the European MiFID Template.
<b>“EUWA”</b>	The European Union Withdrawal Act 2018;
<b>“FCA”</b>	the Financial Conduct Authority, or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority.
<b>“FCA Regulations”</b>	the rules contained in the Collective Investment Schemes Sourcebook (COLL) as part of the FCA Rules as they may be amended or updated from time to time.

<b>“FCA Rules”</b>	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook).
<b>“Home State”</b>	<p>(1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive.</p> <p>(2) (in relation to an investment firm):</p> <p>(a) where the investment firm is a natural person, the EEA State in which his head office is situated;</p> <p>(b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated.</p> <p>(3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated.</p> <p>(4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body’s head office is situated.</p> <p>(5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights).</p>
<b>“ICVC”</b>	Investment Company with Variable Capital.
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time.
<b>“Investment Managers”</b>	Adam & Company Investment Management Limited, Goldman Sachs International and London and Capital Asset Management

	Limited, the investment managers to the ACD in respect of the Company.
<b>"IOSCO"</b>	the International Organisation of Securities Commissions.
<b>"MiFID II"</b>	the Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable.
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation.
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.
<b>"OTC"</b>	Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange.
<b>"Register"</b>	the register of Shareholders of the Company.
<b>"Registrar"</b>	Evelyn Partners Fund Solutions Limited, or such other entity as is appointed to act as Registrar to the Company from time to time.
<b>"Regulated Activities Order"</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).
<b>"Regulations"</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook).
<b>"Scheme Property"</b>	the scheme property of the Company required under the COLL Sourcebook to be

given for safekeeping to the Depositary.

<b>“SDRT”</b>	Stamp Duty Reserve Tax.
<b>“Share” or “Shares”</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).
<b>“Shareholder”</b>	a holder of registered Shares in the Company.
<b>“Switch”</b>	the exchange where permissible of Shares of one fund of another fund.
<b>UCITS Directive</b>	means the EC Directive on Undertakings for Collective Investment in Transferable Securities, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable.
<b>“UK UCITS Scheme”</b>	in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.
<b>“Valuation Point”</b>	the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the

purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 5.00 p.m. London time on each Dealing Day, with the exception of Christmas Eve and New Year's Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

**“VAT”**

Value Added Tax.

## 2. DETAILS OF THE COMPANY

### 2.1 General Information

#### 2.1.1 General

The Aurinko Fund (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000104 and authorised by the Financial Conduct Authority with effect from 16 May 2001. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

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

FCA Product Reference Number: 194948

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Fund as an investment.

#### 2.1.2 Head Office

The head office of the Company is at 45 Gresham Street, London, EC2V 7BG.

#### 2.1.3 Address for Service

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

#### 2.1.4 Base Currency

The base currency of the Company is Pounds Sterling.

#### 2.1.5 Share Capital

Maximum £100,000,000

Minimum £1

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Value.

Information on the typical investor profile for the Fund is set out in Appendix IV.

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

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

## **2.2 The structure of the Company**

### **2.2.1 The Company**

The Company is a stand alone open-ended investment company.

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

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

### **2.2.2 Shares**

#### **Classes of Share within the Company**

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

The currency in which each new Class of Shares will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Shares.

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

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

Holder of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently no gross Shares are in issue. The Instrument of Incorporation also allows limited issues Shares, although none are currently in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. 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. All references in this Prospectus are to net Shares unless otherwise stated.

Each Class of Share may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in



unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a fund for Shares of another fund within the Company. Details of this switching facility and the restrictions are set out in paragraph 4.4 "Switching".

### **3. CLIENT MONEY**

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

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

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

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

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

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

The dealing office of the ACD is open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone by FCA regulated entities on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) directly to the office of the ACD (telephone: 0141 222 1150 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

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

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

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future. Electronic means does not include email.

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

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

## 4.1 Money Laundering

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable 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.

## 4.2 Buying Shares

### 4.2.1 Procedure

Where minimum investment levels allows, shares can be purchased by sending a completed application form to the ACD's Transfer Agency Team at 177 Bothwell Street, Glasgow, G2 7ER, either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the ACD's bank account. Application forms are available from the ACD. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 222 1150. The ACD will accept telephone instructions or written instructions accompanied by payment for subsequent transactions which can be carried out by telephoning the ACD's Transfer Agency Team on 0141 222 1150 or by writing to the ACD. The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

Valid applications to purchase Shares in the Company will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in the Company has been suspended as set out in paragraph 4.10.

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

For amounts in excess of £50,000, settlement must be made by electronic bank transfer to the bank account detailed on the application form. Otherwise, a cheque should be sent for the net amount, made payable to “Evelyn Partners Fund Solutions Limited”, at: 177 Bothwell Street, Glasgow, G2 7ER.

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

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

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment must be received in full and accompany the application. Payment must be made by cheque or if the amount is in excess of £50,000, settlement must be made by electronic bank transfer to the bank account detailed on the application form.

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

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or

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

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

### **3.2.2 Documents the buyer will receive**

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

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

### **3.2.3 Minimum Subscriptions and Holdings**

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

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

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

### **4.3 Redeeming Shares**

#### **4.3.1 Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid instructions to the ACD to redeem Shares will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing has been suspended as set out in paragraph 4.10.

Requests to redeem Shares may be made in writing to the ACD's Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 222 1150 or by fax. The ACD may accept requests to sell or transfer Shares by electronic communication. Electronic communication does not include email. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

For details of dealing charges see paragraph 4.5 below.

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

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with a form of renunciation for completion and execution by the Shareholder (or, in the

case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

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

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

No interest will be paid on funds held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

#### **4.3.3 Minimum Redemption**

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

#### **4.4 Switching**

Subject to any restrictions on the eligibility of investors for a particular Fund, a Shareholder may at any time Switch all or some of his Shares of one Fund ("the Original Shares") for Shares of another Fund ("the New Shares") in the Company. 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.

Switching may be effected by writing to the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may, at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. It is not possible to switch shares on the authority of an email. A switching shareholder must

be eligible to hold the shares into which the switch is to be made. The ACD may accept requests to switch Shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

The ACD may at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The ACD may accept requests to switch Shares by electronic communication. Electronic communication does not include email. 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 Fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day.

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

**A Shareholder who Switches between Funds will not be given a right by law to withdraw from or cancel the transaction.**

### **Share Class Conversion**

If applicable, a holder of shares in a Share Class (“Old Class Shares”) of a Fund may exchange all or some of his shares for shares of a different Share Class within the same Fund (“New Class Shares”). An exchange of Old Class Shares for New Class Shares will be processed as a conversion (“Share Class Conversion”). Unlike a Switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. This transaction will not be included in the calculations for Stamp Duty Reserve Tax (see section 11 “Taxation” for further details), and for the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.



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

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

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

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

#### **4.5 Dealing Charges**

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

##### **4.5.1 Initial Charge**

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder and is set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

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

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

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries including the Investment Manager and its Associates.

#### **4.5.2 Redemption Charge**

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

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

#### **4.5.3 Switching Charge**

On the switching of Shares between funds in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on switching that is no more than the initial charge for the New Shares as specified in Appendix I.

#### **4.5.4 Dilution Levy**

The actual cost of purchasing, selling or switching underlying investments in the Company may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Company's underlying investments. These dealing costs could have an adverse effect on the value of the Company, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to make a dilution levy on the purchase, redemption or Switch of Shares in the Company but does not at present intend to do so. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by

the ACD, but is paid into the Company.

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

The need to charge a dilution levy will depend on the volume of sales or redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of the Company is in continual decline; on the Company experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the Company); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections and on its experience of managing the Company the ACD is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Shareholder transaction are significant and will have a material impact on the Company.

If a dilution levy is required then, based on future projections, the estimated rate of such a levy would be up to 0.21% on sales (creations) and 0.05% on redemptions (liquidations).

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

#### **4.5.5 Stamp Duty Reserve Tax ("SDRT")**

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

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

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

#### **4.6 Transfers**

Shareholders are entitled to 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. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

#### **4.7 Restrictions and Compulsory Transfer and Redemption**

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

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

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

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

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

#### **4.8 Issue of Shares in exchange for in Specie Assets**

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

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Company.

#### **4.9 In Specie Redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of the Company or in some way detrimental to the Company, arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer.

The ACD will select the property to be transferred in consultation with the Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

#### **4.10 Suspension of dealings in the Company**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in the Company where due to exceptional circumstances it is in the interests of all the Shareholders in the Company.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Company is offered for sale.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

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

#### **4.11 Governing Law**

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

## **5. VALUATION OF THE COMPANY**

### **5.1 General**

The price of a Share is calculated by reference to the Net Asset Value. The Net Asset Value per Share is currently calculated at 5.00 p.m. (London time) (this being the Valuation Point) on each Dealing Day.

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

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

“Late Trading” is defined as the acceptance of a subscription, redemption or Switch order received after the Company’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

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

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

5.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

5.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 5.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

5.2.2.1 Units or shares in a collective investment scheme:

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) if separate buying and redemption 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 redemption price has been increased by any exit or redemption charge attributable thereto; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

5.2.2.2 Any other transferable security:

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

5.2.2.3 Scheme Property other than that described in paragraphs 5.2.2.1 and 5.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;

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

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

- 5.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the



Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

- 5.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 5.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 5.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
  - 5.2.5 Subject to paragraphs 5.2.6 and 5.2.7 below, agreements for the unconditional sale or purchase of Scheme 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 if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
  - 5.2.6 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 5.2.5.
  - 5.2.7 All agreements are to be included under paragraph 5.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
  - 5.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
  - 5.2.9 Deduct 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.

- 5.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 5.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 5.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 5.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 5.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

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

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

Each allocation of income made in respect of the Company at a time when more than one Class is in issue shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Company calculated in accordance with the Instrument of Incorporation.

### **5.4 Pricing Basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

### **5.5 Publication of Prices**

The prices of all Shares are published on the website [www.trustnet.com](http://www.trustnet.com). The prices of Shares may also be obtained by calling 0141 222 1151 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not

accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

## **6. RISK FACTORS**

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

### **6.1 General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Company will actually be achieved and no warranty or representation is given to this effect. The level of any yield for the Company may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region.

### **6.2 Effect of Initial Charge or Redemption Charge**

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

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares.

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

### **6.3 Emerging Markets**

Emerging markets tend to be more volatile than more established markets and therefore your money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the funds. A counterparty may not pay or deliver on time or as expected.

Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling securities than it would in a more developed market.

Given the possible 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.

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to a fund because the maximum permitted number of an 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.

Accounting, financial reporting standards and disclosure requirements in emerging markets may differ from those in more developed markets and, accordingly, investment possibilities may be difficult to properly assess.

#### **6.4 Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See section 11 headed 'Taxation' for further details about taxation of the Company.

#### **6.5 Inflation and Interest Rates**

The real value of any returns that an investor may receive from the Company could be affected by interest rates and inflation over time.

#### **6.6 Unlisted Investments**

Unlisted investments are generally not publicly traded. As there may be no open market for a particular security it may be difficult to sell and cause liquidity issues.

The lack of an open market may also restrict the establishment of a fair value for an unlisted investment when compared to an equivalent listed investment.

#### **6.7 Dilution**

The Company may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

#### **6.8 Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended.

#### **6.9 Currency Exchange Rates**

Currency fluctuations may adversely affect the value of the Company's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

#### **6.10 Derivatives**

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

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

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

For more information in relation to investment in derivatives, please see paragraphs 12 and 13 in Appendix III.

#### **6.11 Credit and Fixed Interest Securities**

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

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

or equivalent. BBB is described as having adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the bond issuer to meet its financial commitments.

#### **6.12 Liquidity**

Depending on the types of assets the Company invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

#### **6.13 Custody**

There may be a risk of loss where the assets of the Company are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

#### **6.14 Counterparty and Settlement Risk**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### **6.15 Counterparty risk in OTC Markets**

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

#### **6.16 Investment Trusts**



The Company may invest in Investment Trusts, which are public limited companies quoted on the Stock Exchange. The price of their shares depends on supply and demand and is not necessarily the same as the value of the underlying assets per share. It may be higher `at a premium` or lower `at a discount`. The discount and premium varies continuously and represents an additional measure of risk and reward. Investment Trusts can borrow money (gearing), which can be used to make further investments. In a rising market, gearing can enhance returns, however in a falling market losses can be multiplied.

#### **6.17 Leverage Risk**

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

## 7 MANAGEMENT AND ADMINISTRATION

### 7.1 Regulatory Status

The ACD, the Depositary, and the Investment Manager are authorised and regulated by the Financial Conduct Authority.

### 7.2 Authorised Corporate Director

#### 7.2.1 General

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

The directors of the ACD are:-

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

Sally Macdonald (Independent Non-Executive Director)

Guy Swarbreck (Non-Executive Director)

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

**Registered Office:**

45 Gresham Street, London, EC2V  
7BG

<b>Principal Place of Business:</b>	45 Gresham Street, London, EC2V 7BG
<b>Share Capital:</b>	It has a share capital of £50,000 Ordinary Shares of £1 each, all of which are issued and paid up
<b>Ultimate Holding Company:</b>	Evelyn Partners Group Limited, a company incorporated in England and Wales and listed on the London Stock Exchange.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Company (as further explained in paragraph 7.4 below). It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 7.5 below).

### 7.2.2 Terms of Appointment

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after the expiry of two years from the date of incorporation of the Company on not less than six months written notice or earlier

upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 8.2 “Charges payable to the ACD” below.

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix V.

### **7.3 The Depositary**

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

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

#### **7.3.1 Duties of the Depositary**

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

### **7.3.2 Conflicts of interest**

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

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

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

### **7.3.3 Delegation of Safekeeping Functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon, London Branch (BNYM LB) (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is available from the ACD on request.

### **7.3.4 Updated Information**

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

### **7.3.5 Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the

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

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

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

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

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

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

Details of the fees payable to the Depositary are given in the Fees and Expenses section.

## **7.4 The Investment Managers**

### **7.4.1 General**

The ACD has appointed the Investment Managers, Adam & Company Investment Management Limited, Goldman Sachs International and London and Capital Asset Management Limited, to provide investment management services to the ACD. The Investment Managers are authorised and regulated by the Financial Conduct Authority.

Adam & Company Investment Management Limited's registered office is at 40 Princes Street, Edinburgh, EH2 2BY.

Goldman Sachs International's registered office is at Plumtree Court, 25 Shoe Lane, London EC4A 4AU.

London and Capital Asset Management Limited's registered office is at Two Fitzroy Place, 8 Mortimer Street, London W1T 3JJ.

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

#### **7.4.2 Terms of Appointment**

The Investment Managers were appointed by agreements between the ACD and the Investment Managers as amended from time to time (the "Investment Management Agreements").

The terms of the Investment Management Agreements between the ACD and the Investment Managers include the provision of discretionary investment management to attain the investment objectives of the Company, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Managers have authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase and sale orders with regulated dealers and preparation of the Investment Managers' report half yearly for inclusion in the Company's Report for circulation to Shareholders. The Investment Management Agreement between Adam & Company Investment Management Limited and Evelyn Partners Fund Solutions Limited may be terminated by either party on not less than thirty days' written notice or earlier upon the happening of certain specified events. The Investment Management Agreement between Goldman Sachs International and Evelyn Partners Fund Solutions Limited may be terminated by either party on not less than thirty days' written notice or earlier upon the happening of certain specified events. The Investment Management Agreement between London and Capital Asset Management Limited and Evelyn Partners Fund Solutions Limited may be terminated by either party on not less than one months' written notice or earlier upon the happening of certain specified events.

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

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

The Investment Managers will receive a fee paid by the ACD out of its remuneration received each month from the Company as explained in paragraph 8.4.

The Investment Managers will not be considered as broker fund advisers under the FCA Handbook in relation to the Company.

Each Agreement may be terminated by either party on not less than three months written notice or earlier upon the happening of certain specified events.

## **7.5 The Registrar**

### **7.5.1 General**

On behalf of the Company the ACD has also appointed Evelyn Partners Fund Solutions Limited to act as registrar to the Company and to provide fund accounting and other administration services to the Company.

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

The register is kept and maintained at 177 Bothwell Street, Glasgow, G2 7ER.

### **7.5.2 Register of Shareholders**

The Register of Shareholders will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The plan register, being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs), can be inspected at the office of the Registrar.



## **7.6 The Auditors**

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

## 7.7 Conflicts of Interest

The ACD, the Investment Managers and other companies within the ACD's and/or the Investment Managers' groups 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 Company or that a conflict exists between the Company and other funds managed by the ACD. It is therefore possible that the ACD and/or the Investment Managers may in the course of their business have potential conflicts of interest with the Company. Each of the ACD and the Investment Managers will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreements respectively 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. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

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

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

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the

Company or its shareholders will be prevented. Should any such situations arise the ACD will disclose these to shareholders in the report and accounts or otherwise in an appropriate format.

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

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

**8.1 Ongoing**

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

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

- 8.1.1 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 8.1.2 any costs incurred in the incorporation and authorisation of the Company, any offer of Shares, the preparation and printing of any prospectus (and any amendments thereto) and the fees for professional services provided to the Company in connection with such offer;
- 8.1.3 fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers kept for the purpose of the administration of (when applicable) Personal Equity Plans and Individual Savings Accounts;
- 8.1.4 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;
- 8.1.5 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 8.1.6 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 8.1.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 8.1.8 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 8.1.9 any costs incurred in respect of meetings of Shareholders convened for any purpose;

- 8.1.10 any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 8.1.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 8.1.12 taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
- 8.1.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 8.1.14 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 8.1.15 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;
- 8.1.16 any payments otherwise due by virtue of a change to the Regulations; and,
- 8.1.17 any value added or similar tax relating to any charge or expense set out herein.

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

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

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Company is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 4.5.5 "Stamp Duty Reserve Tax"). If deductions were made from capital, this would result in capital erosion and constrain growth.

## **8.2 Charges payable to the ACD**

### **8.2.1 Annual Management Charge**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Company based on the Net Asset Value of the Scheme Property on the last Dealing Day of the preceding month and the amount due for each month is payable on the last Dealing Day of each month. The current annual management charge (expressed as a percentage per annum of the Net Asset Value) is set out in Appendix I.

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

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

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

### **8.2.2 Registration Fees**

The ACD is entitled to receive a fee out of the Scheme Property of the Company for providing registration services (including establishing and maintaining sub-registers where applicable), out of which the ACD will pay the fees of the Registrar. Such fee is payable quarterly. The current fees payable to the ACD are as follows: £17.50 per annum per Shareholder with a minimum payment of £700 per annum for the Company.

### 8.2.3 Expenses

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

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

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

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

### 8.3 Depositary's Fee and Expenses

The Depositary is entitled to receive out of Scheme Property by way of remuneration a periodic charge, which will accrue on a daily basis in arrears by reference to the Net Asset Value of the Company based on the Net Asset Value of the Scheme Property on the last Dealing Day of the preceding month and the amount due for each month is payable on the last Dealing Day of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook. The current rate of the Depositary's periodic charge is:

- 0.0275% per annum plus VAT on Scheme Property below £50,000,000;
- 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000; and
- 0.02% per annum plus VAT on Scheme Property above £100,000,000.

but always subject to a minimum of £7,500 per annum.

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

The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first

valuation of that Company is made and ending on the last Business Day of the month in which that day falls.

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

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Depositary delegates the function of custody of the Scheme Property to The Bank of New York Mellon SA/NV, London Branch.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time.

The current remuneration ranges from between 0.003% per annum to 0.50%\* per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Company are held. The current range of transaction charges is between £5.00 and £472.00 per transaction plus VAT (if any).

\*With the exception of:

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

Custody and transaction charges will be payable monthly in arrears.



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

- (i) delivery of stock to the Depositary or custodian;
- (ii) custody of assets;
- (iii) collection of income and capital;
- (iv) submission of tax returns;
- (v) handling tax claims;
- (vi) preparation of the Depositary's annual report;
- (vii) arranging insurance;
- (viii) calling Shareholder meetings and otherwise communicating with Shareholders;
- (ix) dealing with distribution warrants;
- (x) taking professional advice;
- (xi) conducting legal proceedings; and
- (xii) such other duties as the Depositary is permitted or required by law to perform.

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

#### **8.4 Investment Managers' Fees**

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

Further details of this agreement are summarised in paragraph 7.4.2 "Terms of Appointment" above.

### **9 INSTRUMENT OF INCORPORATION**

The Instrument of Incorporation is available for inspection at the ACD's offices at 45 Gresham Street, London, EC2V 7BG.

## **10 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **10.1 Class and Company Meetings**

The Company has dispensed with the holding of annual general meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Company, but by

reference to Shares of the Class concerned and the Shareholders and value and prices of such Shares.

## **10.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

## **10.3 Notice and Quorum**

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

## **10.4 Voting Rights**

At a general meeting, 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 of all the Shares in issue at a reasonable date before the notice of the meeting is sent out, such date to be decided by the ACD.

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

In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose

seniority must be determined by the order in which the names stand in the Register.

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

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

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

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

#### **10.5 Variation of Class Rights**

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

### **11 Taxation**

**The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the fund which is held as an investment. The summary’s applicability to, and the tax**

treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

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

### **Taxation of an Equity Fund**

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

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

#### **Tax on Income**

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

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

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

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

## **Taxation of a Bond Fund**

### **Taxation of Capital Gains**

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

### **Tax on Income**

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

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

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

- The treatment of distributions as interest distributions for UK tax purposes is significant because:
- distributions made should be deductible for corporation tax purposes against UK taxable income.

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

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

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

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

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

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

#### **Common Reporting Standard**

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

#### **Income Equalisation**

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

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

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

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

## 12 WINDING UP OF THE COMPANY

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook.

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

The Company shall be wound up under the COLL Sourcebook:

- 12.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 12.2 when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Net Asset Value of the Company is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or
- 12.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

On the occurrence of any of the above:

- 12.4 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;

- 12.5 the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;
- 12.6 no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 12.7 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 12.8 the corporate status and powers of the Company and subject to 12.4 to 12.7 above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company the ACD shall, as soon as practicable after the commencement of winding up of the Company give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company.

As soon as reasonably practicable after completion of the winding up of the Company, the Depositary shall notify the FCA that the winding up has been completed.

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

Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to



whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## 13 GENERAL INFORMATION

### 13.1 Accounting Periods

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

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

### 13.2 Notice to Shareholders

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

### 13.3 Income Allocations

The interim and final income allocation dates in respect of the Company are set out in Appendix I. Income is allocated in respect of the income available at each accounting date.

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

For accumulation Shares, income will become part of the capital property of the Company and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

The Authorised Corporate Director and the Depositary have agreed a de minimis amount of £20 in respect of distribution of income payments made by cheque.

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

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

accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

#### **13.4 Annual Reports**

An annual report of the Company will be published within four months from the end of each annual accounting period and a half yearly report will be published within two months of each interim accounting period. Reports will be available upon request.

#### **13.5 Documents of the Company**

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

13.5.1 the Prospectus;

13.5.2 the most recent annual and half yearly reports of the Company;

13.5.3 the Instrument of Incorporation (and any amending documents); and

13.5.4 the material contracts referred to below.

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

#### **13.6 Material Contracts**

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:

13.6.1 the ACD Agreement between the Company and the ACD; and

13.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 7 “Management and Administration”.

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

### **13.7 Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 45 Gresham Street, London, EC2V 7BG. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. 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.

### **13.8 Telephone Recordings**

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

### **13.9 Complaints**

Complaints may be brought in writing to The Compliance Director, Evelyn Partners Fund Solutions Limited, 45 Gresham Street, London, EC2V 7BG, or by telephone to 0141 222 1151.

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

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at: Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the ACD's Guide to making a complaint is available upon request.

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

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

### **13.10 Best Execution**

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

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

### **13.11 Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Fund, an Investment Manager or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

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

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

### **13.12 Genuine Diversity of Ownership (GDO)**

Shares in, and information on, the Company are and will continue to be marketed and made easily and widely available to reach the intended categories of investors and in a manner appropriate to attract those categories of investors. The intended categories of investors are retail and institutional investors.

### **13.13 Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of default your investment is protected up to the value of £85,000 per person per firm.

### **13.14 Risk Management**

The ACD will provide upon the request of a Shareholder further information relating to:

- 13.14.1 the quantitative limits applying in the risk management of the Company;
- 13.14.2 the methods used in relation to 13.13.1; and
- 13.14.3 any recent development of the risk and yields of the main categories of investment.

### **13.15 Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their

negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

### **13.16 Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Company. A summary of this strategy is available from the ACD on request. Voting records and further details of the actions taken on the basis of this strategy in relation to the Company are available free of charge from the ACD on request.

## **APPENDIX I**

### **Ongoing Charges Figure (OCF)**

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Company (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID can be provided free of charge on request.

## **COMPANY DETAILS**

<b>Name:</b>	The Aurinko Fund
<b>Type of Scheme:</b>	UK UCITS scheme

**Investment Objective and Policy:**

The investment objective of the Company is to provide income and capital growth from a diversified portfolio of mainly equities spread across global markets. There will be no emphasis placed on any particular economic, industrial or geographical sector.

The Company may also invest in other transferable securities, collective investment schemes, warrants, money market instruments, cash and near cash.

Derivatives may be employed by the Company for the purposes of Efficient Portfolio Management. **The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Company.**

**Benchmark**

Shareholders may compare the performance of the Company against the IA Mixed Investment 40-85% Shares sector.

Comparison of the Company's performance against this benchmark will give Shareholders an indication of how the Company is performing against other similar funds in this peer group sector.

The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the Company.

**Final Accounting Date:**

30 June

**Interim Accounting Date:**

31 December

**Income Distribution Dates:**

31 August (final)

Last day of February (interim)

**Shares Classes and type of Shares:**

Accumulation

Income

**Initial Charge:**

7.5%

**Redemption Charge:**

Nil

**Switching Charge:**

Nil

**Charge for investment research:**

Nil



**Annual Management Charge:** 1.3%

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC (section 8.2):	100%	
Ongoing Operating Costs (section 8.1):	100%	
Dealing and Registration (section 8.2):	100%	
Depository (section 8.3):	100%	
Custody (section 8.3):	100%	
Portfolio Transactions (SDRT, Broker's Commission-section 8.1):		100%

**Investment Minima:\***

Lump Sum:	£100,000
Holding:	£100,000
Top-up:	N/A (provided minimum holding is maintained)
Redemption:	N/A (provided minimum holding is maintained)

**Past Performance:** Past performance information is set out in Appendix VI.

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

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

The Company may also deal through the securities markets and derivatives markets indicated below:

#### Eligible Securities Markets:

Australia	Australian Securities Exchange
Canada	Toronto Stock Exchange
Canada	TSX Venture Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Osaka Securities Exchange
	Nagoya Stock Exchange
	Tokyo Stock Exchange
Korea, Republic of	Korea Exchange
Mexico	Mexican Stock Exchange (Bolsa Mexicana de Valores)
New Zealand	New Zealand Exchange Ltd
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange
Thailand	Stock Exchange of Thailand
United States of America	NASDAQ
	New York Stock Exchange
	NYSE MKT LLC

#### Eligible Derivatives Markets:

No non-UK and Non-EEA Derivatives markets.

## APPENDIX III

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1. General

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

The Company will not maintain an interest in immovable property or tangible moveable property.

The ACD shall ensure that, taking into account the investment objectives and policy of the Fund, the Scheme Property aims to provide a prudent spread of risk.

Normally, the Company will be fully invested save for an amount to enable redemption of shares, efficient management of the Company in relation to their strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Funds.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Company, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

#### 13.17 Prudent spread of risk

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

#### 13.18 Cover

- 13.18.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite)

if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Company under any other of those rules has also to be provided for.

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

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

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

### **13.19 Transferable securities**

13.19.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

13.19.2 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.

13.19.3 In applying paragraph 13.18.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

13.19.4 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.

13.19.5 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 13.19.5.1 the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
- 13.19.5.2 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 the FCA Handbook;
- 13.19.5.3 reliable valuation is available for it as follows:
  - 13.19.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - 13.19.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 13.19.5.4 appropriate information is available for it as follows:
  - 13.19.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 13.19.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 13.19.5.5 it is negotiable; and
- 13.19.5.6 its risks are adequately captured by the risk management process of the ACD.
- 13.19.6 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:
  - 13.19.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - 13.19.6.2 to be negotiable.

13.19.7 No more than 5% of the Scheme Property may be invested in warrants.

#### **14 UK UCITS schemes - general**

Subject to the investment objectives and policy of the Company and the restrictions set out in this Prospectus the Scheme Property must, except where otherwise provided in COLL 5, only consist of transferable securities.

#### **15 Closed end funds constituting transferable securities**

15.1A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 13.18.5 and either:

15.1.1 where the closed end fund is constituted as an investment company or a unit trust:

15.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

15.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

15.1.2 where the closed end fund is constituted under the law of contract:

15.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

15.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

#### **16 Transferable securities linked to other assets**

16.1The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:

16.1.1 fulfils the criteria for transferable securities set out in 13.18.5 above; and

16.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.

16.2 Where an investment in 16.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

## **17 Transferable securities generally to be admitted or dealt in on an eligible market**

17.1 Transferable securities held within the Company must be:

17.1.1 admitted to or dealt in on an eligible market as described in 18.3.1; or

17.1.2 dealt in on an eligible market as described in 18.3.2; or

17.1.3 admitted to or dealt in on an eligible market as described in 18.4; or

17.1.4 recently issued transferable securities provided that:

17.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

17.1.4.2 such admission is secured within a year of issue.

17.2 However, the Company may invest no more than 10% of the Scheme Property in transferable securities other than those referred to in 17.1.

## **18 Eligible markets regime: purpose**

18.1 To protect investors the markets on which investments of the Company are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.

18.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

18.3 A market is eligible for the purposes of the rules if it is:

18.3.1 a regulated market as defined in the FCA Handbook; or

18.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or

18.3.3 a market falling in paragraph 18.4 of this Appendix.

18.4 A market falling within paragraph 18.3.3 of this Appendix is eligible for the

purposes of COLL 5 if:

18.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

18.4.2 the market is included in a list in the Prospectus; and

18.4.3 the Depositary has taken reasonable care to determine that:

18.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

18.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

18.5 In paragraph 18.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## **19 Spread: general**

19.1 This rule does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies..

19.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 2013/34/EU, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable, or in the same group in accordance with international accounting standards are regarded as a single body.

19.3 With the exception of those instruments specified in paragraph 21 not more than 5% in value of the Scheme Property is to consist of transferable securities issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

19.4 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Company invests more than 5% in



covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

19.5 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.

19.6 The COLL Sourcebook provides that not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.

19.7 Not more than 20% in value of the Scheme Property of the Company may consist of transferable securities issued by the same group.

19.8 The COLL Sourcebook provides that in applying the limits in COLL 5.2.11R(3), 19.3 and 19.5 in relation to a single body and subject to 19.4, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following (as applicable):

19.8.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or

19.8.2 deposits made with that body; or

19.8.3 exposures from OTC derivatives transactions made with that body.

## **20 Counterparty risk and issuer concentration**

20.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 19.5 and 19.8 above.

20.2 When calculating the exposure of the Company to a counterparty in accordance with the limits in paragraph 19.5 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

20.3 The ACD may net the OTC derivative positions of the Company with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Company.

20.4 The netting agreements in paragraph 20.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Company may have with that same counterparty.

20.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative 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.

20.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 19.5 when it passes collateral to an OTC counterparty on behalf of the Company.

20.7 Collateral passed in accordance with paragraph 20.6 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 that Company.

20.8 The ACD must calculate the issuer concentration limits referred to in paragraph 19.5 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

20.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 19.5 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

## **21 Spread: government and public securities**

21.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

21.1.1.1 the UK or an EEA State;

21.1.1.2 a local authority of the UK or an EEA State;

21.1.1.3 a non-EEA State other than the UK; or

21.1.1.4 a public international body to which the UK or one or more EEA States belong.

21.2 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.

21.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

21.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;

21.3.2 no more than 30% in value of the Scheme Property consists of such

securities of any one issue;

21.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

21.3.4 the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made..

21.4 In giving effect to the foregoing object more than 35% of the property of the Company may be invested in Government and other public securities issued or guaranteed by the Governments of the United Kingdom, or Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Australia, Canada, Japan, New Zealand, Switzerland or the United States of America and in securities issued by the European Investment Bank.

21.5 Notwithstanding 19.1 and subject to 21.2 and 21.3 above, in applying the 20% limit in paragraph 19.8 with respect to a single body, such securities issued by that body shall be taken into account.

## **22 Investment in collective investment schemes**

22.1 The Company may invest in units or shares in other collective investment schemes (“Second Scheme”) provided that Second Scheme satisfies all of the following conditions and provided that no more than 30% of the value of the Company is invested in Second Schemes within 22.1.1.2 to 22.1.1.5:

22.1.1 The Second Scheme must:

22.1.1.1 be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

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

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

22.1.1.4 be authorised in an EEA State provided certain requirements are met; or

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

22.1.1.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and

22.1.1.5.2 approved the Second Scheme's management company, rules and depositary/custody arrangements, (provided certain requirements are met).

22.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 22.1.2 and paragraph 22.1.3 apply to each sub-fund as if it were a separate scheme.

22.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Company's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

22.2 The Company may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD or one of its associates.

## **23 Investment in nil and partly paid securities**

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at the time when payment is required, without contravening the rules in COLL 5 for UK UCITS schemes..

## **24 Derivatives: general**

The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management, further information on EPM is provided in paragraph 25. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.

24.1 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 26 (Permitted transactions (derivatives and forwards)) below, and the

transaction is covered, as required by paragraph 38 (Cover for investment in derivatives and forward transactions) of this Appendix.

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

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

24.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

12.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

12.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

12.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

24.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

24.6 Where the Company invests in an index based derivative, provided the relevant index falls within paragraph 27 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## **25 Efficient Portfolio Management**

25.1 The Company may enter into derivative and forward transactions for the

purposes of Efficient Portfolio Management. EPM permits techniques and instruments which relate to transferable securities and approved money-market instruments and satisfy the following criteria:

25.1.1 the transaction must be economically appropriate;

25.1.2 the exposure on the transaction must be fully covered; and,

25.1.3 the transaction must be entered into for one of the following specific aims:

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

25.2 A transaction which is regarded as speculative will not be permitted. A list of the current eligible derivatives markets is set out in Appendix II. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.

25.3 A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Company and the ACD has taken reasonable care to determine that delivery of the property pursuant to the transaction will not lead to a breach of the relevant provisions in COLL.

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

## **26 Permitted transactions (derivatives and forwards)**

26.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 30 (OTC transactions in derivatives).

26.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Company is dedicated:

- 26.2.1 transferable securities;
  - 26.2.2 approved money-market instruments permitted under COLL 5.2.8R(3)(a) to COLL 5.2.8R(3)(d);
  - 26.2.3 deposits and permitted derivatives under this paragraph;
  - 26.2.4 collective investment scheme units permitted under paragraph 10 (Investment in collective investment schemes);
  - 26.2.5 financial indices which satisfy the criteria set out in paragraph 27 (Financial indices underlying derivatives);
  - 26.2.6 interest rates;
  - 26.2.7 foreign exchange rates; and
  - 26.2.8 currencies.
- 26.3A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 26.4A transaction in a derivative must not cause the Company to diverge from its investment objective as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 26.5A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.
- 26.6Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 26.7A derivative includes an investment which fulfils the following criteria:
- 26.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 26.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 26.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 30; and

26.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

26.8 The Company may not undertake transactions in derivatives on commodities.

26.9 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of the Company, this limit being raised to 10% where the counterparty is an approved bank. Counterparty risk exposure can be reduced by the Company receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.

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

## **27 Financial indices underlying derivatives**

27.1 The financial indices referred to in 26.2 are those which satisfy the following criteria:

27.1.1 the index is sufficiently diversified;

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

27.1.3 the index is published in an appropriate manner.



27.2A financial index is sufficiently diversified if:

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

27.2.2 where it is composed of assets in which the Company 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

27.2.3 where it is composed of assets in which the Company 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.

27.3A financial index represents an adequate benchmark for the market to which it refers if:

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

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

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

27.4A financial index is published in an appropriate manner if:

27.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

27.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

27.5 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 26.2, be regarded as a combination of those underlyings.

## **28 Transactions for the purchase of property**

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

## **29 Requirement to cover sales**

29.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

## **30 OTC transactions in derivatives**

30.1 Any transaction in an OTC derivative under paragraph 26.1 must be:

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

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

30.1.3 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 and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and

30.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

- 30.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 30.1.4.2 if the value referred to in 30.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 30.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 30.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 30.1.5.2 a department within the ACD which is independent from the department in charge of managing the Company and which is adequately equipped for such a purpose.
- 30.2 For the purposes of paragraph 30.1.3, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

## **31 Valuation of OTC derivatives**

31.1 For the purposes of paragraph 30.1.3 the ACD must:

- 31.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Company to OTC derivatives; and
- 31.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

31.2 Where the arrangements and procedures referred to in paragraph 19.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UK UCITS and UCITS schemes).

31.3 The arrangements and procedures referred to in paragraph 31.1 must be:

- 31.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

31.3.2 adequately documented.

## **32 Risk management**

32.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

32.1.1 A true and fair view of the types of derivatives and forward transactions to be used within the Company together with their underlying risks and any relevant quantitative limits.

32.1.2 The methods for estimating risks in derivative and forward transactions.

32.2 The ACD must notify the FCA in advance of any material alteration to the details above.

## **33 Stock lending**

33.1 The entry into stock lending transactions or repo contracts for the account of the Company is permitted for the generation of additional income for the benefit of the Company, and hence for its investors.

33.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

33.3 The stock lending permitted by this section may be exercised by the Company when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk.

33.4 The Company or the Depositary at the request of Company may enter into 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 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, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

33.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty 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.

33.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Company.

33.7 There is no limit on the value of the Scheme Property which may be the subject of stock lending transactions or repo contacts.

#### **34 Investment in deposits**

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

#### **35 Significant influence**

35.1 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:

35.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or

35.1.2 the acquisition gives the Company that power.

35.2 For the purposes of paragraph 35.1 of this Appendix, 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).

### **36 Concentration**

The Company:

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

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

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

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

36.3 must not acquire more than 25% of the units in a collective investment scheme;

36.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and

36.5 need not comply with the limits in paragraphs 36.2 to 36.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

### **37 Derivative exposure**

37.1 The Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.

37.2 Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 38 (Cover for investment in

derivatives and forward transactions) below sets out detailed requirements for cover of the Company.

37.3A future is to be regarded as an obligation to which the Company is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Company is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

37.4Cover 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.

### **38 Cover for investment in derivatives and forward transactions**

38.1The Company may invest in derivatives and forward transactions as part of its investment policy provided:

38.1.1 its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and

38.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 19 above.

### **39 Cover and borrowing**

39.1Cash obtained from borrowing, and 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 (Cover for investment in derivatives and forward transactions) of this Appendix as long as the normal limits on borrowing (see below) are observed.

39.2Where, 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 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 44(Borrowing powers) of this Appendix do not apply to that borrowing.

## **40 Calculation of global exposure**

40.1 The ACD must calculate the global exposure of the Company on at least a daily basis.

40.2 The ACD must calculate the global exposure of the Company it manages either as:

40.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 24 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or

40.2.2 the market risk of the Scheme Property.

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

40.4 The ACD must calculate the global exposure of the Company by using:

40.4.1 commitment approach; or

40.4.2 the value at risk approach.

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

40.5.1 the investment strategy pursued by the Company;

40.5.2 types and complexities of the derivatives and forward transactions used; and

40.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

40.6 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 33 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

## **41 Cash and near cash**



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

41.1.1 the redemption of Shares; or

41.1.2 efficient management of the Company in accordance with its investment objectives; or

41.1.3 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Company.

41.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **42 General**

42.1 It is not intended that the Company will have an interest in any immovable property or tangible movable property.

42.2 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of shares, efficient management of the Company or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Company. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Scheme Property, there may be times when the Investment Managers consider stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

42.3 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

42.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company but, in the event of a

consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

### **43 Underwriting**

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

### **44 Borrowing powers**

44.1 The Company or the ACD may on the instructions of the Company may, and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.

44.2 Borrowing must be on a temporary basis, 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.

44.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Company.

44.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

### **45 Restrictions on lending of money**

45.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Company if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

45.2 Acquiring a debenture is not lending for the purposes of paragraph 45.1, nor is the placing of money on deposit or in a current account.

45.3 Nothing in paragraph 45.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

## **46 Restrictions on lending of property other than money**

46.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

46.2 Transactions permitted by paragraph 33 (Stock lending) are not to be regarded as lending for the purposes of paragraph 46.1.

46.3 The Scheme Property must not be mortgaged.

46.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD 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 Shareholders.

## **47 General power to accept or underwrite placings**

47.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.

47.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

47.3 The exposure of the Company to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## **48 Guarantees and indemnities**

48.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

48.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

48.3 Paragraphs 48.1 and 48.2 do not apply to in respect of the Company:

48.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and

48.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

48.3.3 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

48.3.4 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 Company and the holders of shares in that scheme become the first Shareholders in the Company.

## **APPENDIX IV**

### **Typical Investor Profile(s)**

Below is an indication of the target market of the Fund as required under MiFID II and its supplementing regulations, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of this Fund please seek advice from your professional adviser.

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

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

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

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

## APPENDIX V

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:

Authorised Unit Trusts	Investment Companies with Variable Capital
Dragon Trust	Bute Fund
Eagle Fund	Earlstone Fund
Evelyn Witch General Trust	Evelyn Partners Funds
Langham Trust	Evelyn Partners Investment Funds ICVC
Magnum Trust	Forest Fund ICVC
Marathon Trust	Ganymede Fund
Orchard Fund	GFS Investments Fund
Ourax Unit Trust	Glairnox Fund
Spenser Fund	Gryphon Investment Funds
SVS DW Asia Income & Growth Fund	Hercules Managed Funds
SVS Dowgate Wealth UK New Economies Fund	Issodola Fund
SVS Sanlam European Equity Fund	JC Investments Fund
SVS Sanlam Fixed Interest Fund	Kanthaka Fund
SVS Sanlam North American Equity Fund	Moorgate Funds ICVC
The Acorn Trust	New Square Investment Funds
The Alkerton Trust	Pendennis Fund ICVC
The Barro II Trust	Pharaoh Fund
The Capital Balanced Fund	Pityoulish Investments Fund
The Dream Trust	Quercus Fund
The Enterprise Trust	Sardasca Fund
The Global Opportunities Fund	Sherwood Fund
The Ilex Fund	Smithfield Funds
The Jetwave Trust	Starhunter Investments Fund
The Lancaster Trust	Stratford Place Fund
The Millennium Fund	Sussex Fund
The Plain Andrews Unit Trust	SVS AllianceBernstein UK OEIC
The Securities Fund	SVS Aubrey Capital Management Investment Funds
Worldwide Growth Trust	SVS Baker Steel Global Investors OEIC
	SVS Baker Steel Gold and Precious Metals Fund
	SVS Brooks Macdonald Fund
	SVS Brown Shipley Multi Asset Portfolio
	SVS Cornelian Investment Funds
	SVS Dowgate Cape Wrath Focus Fund
	SVS Dowgate Wealth Funds ICVC
	SVS Heritage Investment Fund
	SVS Kennox Strategic Value Fund
	SVS RM Funds ICVC
	SVS Saltus Onshore Portfolios
	SVS WAM Investment Funds
	SVS Zeus Investment Funds ICVC
	Sylvan Funds
	Taber Investments Fund
	The Air Pilot Fund

	<p>The Aurinko Fund The Blu-Frog Investment Fund The Brighton Rock Fund The Cheviot Fund The Daisybelle Fund The Dinky Fund The Dunninger Fund The Folla Fund The Galacum Fund The Global Balanced Strategy Fund The Gloucester Portfolio The Headspring Fund The Headway Fund The Jake Fund The Jay Fund The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The SVS Levitas Funds The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund TS Campana Fund Vagabond Investment Fund White Oak Fund</p>
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## APPENDIX VI

### PAST PERFORMANCE TABLE FOR THE COMPANY AND INVESTOR PROFILE

#### THE AURINKO FUND



Source: Fund - FE fundinfo 2024  
Benchmark - Morningstar

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

The Fund's investment objective and investment policy changed on 27/05/2014 and the performance before this date was achieved using an objective and investment policy that no longer applies.

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

#### Investor profile

The Company is marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Company may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. It may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors



must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Company may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether this product is suitable for you, please contact a professional adviser.

The Aurinko Fund may be suitable for those investors wanting to achieve capital growth from a diversified portfolio of mainly equities spread across global markets.

## APPENDIX VII

### DIRECTORY

**The Company:**

The Aurinko Fund  
45 Gresham Street  
London  
EC2V 7BG

**Authorised Corporate Director:**

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

**Depositary:**

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

**Principal Place of Business:**

Trustee and Depositary Services  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh  
EH12 1HQ

**Investment Managers:**

Adam & Company Investment Management Limited  
40 Princes Street  
Edinburgh  
EH2 2BY

**Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London  
EC4A 4AU

**London and Capital Asset Management Limited**

Two Fitzroy Place  
8 Mortimer Street  
London  
W1T 3JJ

**Registrar:**

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

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