

**Evelyn Partners Fund Solutions Limited**

**PROSPECTUS**

**of**

**Orchard Fund**

**(A Non-UCITS Retail Scheme with FCA Product Reference Number: 200147)**

**Valid as at 8 October 2024**

This document constitutes the Prospectus relating to The Orchard Fund (the “Scheme”), a UK authorised investment fund which is constituted as a unit trust. It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (“COLL Sourcebook”) which forms part of the FCA Handbook of Rules and Guidance (the “FCA Rules”). This document complies with the requirements of Chapter 4 of the COLL Sourcebook and copies have been sent to the Financial Conduct Authority and to the Trustee in accordance with the COLL Sourcebook.

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

This document is valid as at 8 October 2024.

Any unitholder or prospective unitholder should check with the Manager that this document is the most current version and that no revisions have been made to this Prospectus since this date.

The Manager of the Scheme is the person responsible for the information contained in this Prospectus and accepts responsibility accordingly. It has taken all reasonable care to ensure that, to the best of its knowledge and belief, the information in this document does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it.

This Prospectus does not amount to an offer in any jurisdiction where such offer may be prohibited or to any investor outside the United Kingdom who is prohibited by applicable laws from subscribing for units.

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

If you are in any doubt about the suitability of investing in units of the Scheme or the contents of this Prospectus you should consult your financial adviser. This Prospectus sets out only generic information. Potential investors are encouraged to seek appropriate advice prior to investing in units.

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

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## **DEFINITIONS**

<b>“Act”</b>	the Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time;
<b>“AIF”</b>	means alternative investment fund.
<b>“AIFM”</b>	means alternative investment fund manager.
<b>“AIFMD”</b>	means the Alternative Investment Fund Managers Directive, 2011/61/EU, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable.
<b>“AIFMD Level 2 Regulation”</b>	means Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable.
<b>“AIFM Rules”</b>	means the AIFMD, AIFMD Level 2 Regulation, and the United Kingdom implementing legislation, including the section of the FCA Handbook that deals with investment funds;
<b>“Approved Bank”</b>	has the meaning defined in the FCA Rules, broadly an approved bank is the Bank of England or other OECD member state central bank, a bank with Part IV authorisation to accept deposits, a building society, or a bank supervised by the central bank or regulator in a member state of the OECD.
<b>“Approved Derivative”</b>	means an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market.
<b>“AUT”</b>	a UK authorised unit trust scheme;
<b>“Authorised Investment Fund”</b>	an AUT or an ICVC;

<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 Scheme’s portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such;
<b>“COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time (References in this Prospectus to COLL refer to the appropriate chapter or rule in the COLL Sourcebook);
<b>“Client Money”</b>	any money that a firm receives from or holds for, or on behalf of, a unitholder in the course of, or in connection with, its business unless otherwise specified;
<b>“Dealing Day”</b>	Wednesday of each week, except in the week when the last Business Day of the month falls, when the Dealing Day will be the last Business Day of the month only;
<b>“EEA State”</b>	a member state of the European Union or any other state which is within the European Economic Area;
<b>“EMT”</b>	European MiFID Template;
<b>“EUWA”</b>	the European Union Withdrawal Act 2018;
<b>“FCA”</b>	the Financial Conduct Authority, or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;
<b>“FCA Regulations”</b>	means the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time.
<b>“FCA Rules”</b>	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);
<b>“ICVC”</b>	a UK authorised open ended investment company;
<b>“Investment Manager”</b>	namely Wren Investment Office Limited;
<b>“Manager”</b>	namely Evelyn Partners Fund Solutions Limited;

<b>“MiFID II”</b>	Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable;
<b>“Prime Broker”</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Scheme does not currently require the services of a Prime Broker;
<b>“Prospectus”</b>	this document, the prospectus for the Scheme as amended from time to time;
<b>“Scheme”</b>	Orchard Fund, an authorised unit trust;
<b>“Trust Deed”</b>	the trust deed by which the Scheme is constituted;
<b>“Trustee”</b>	NatWest Trustee & Depositary Services Limited;
<b>“Unit”</b>	a unit of the Scheme;
<b>“Unitholder”</b>	a holder of units;
<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>“Valuation Point”</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Scheme for the purpose of determining the price at which units 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 any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee;
<b>“VAT”</b>	means value added tax.



## 1. MANAGEMENT OF THE SCHEME

### Manager

The Manager of the Scheme is Evelyn Partners Fund Solutions Limited, a private company limited by units incorporated in England and Wales on 30 July 1985 under the Companies Act 1985 with company number 1934644.

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

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

The Manager is responsible for managing and administering the Scheme's affairs in compliance with the Sourcebook. The Manager is authorised and regulated by The Financial Conduct Authority and is thereby authorised to carry on certain permitted regulated activities in the United Kingdom in accordance with the Financial Services and Markets Act 2000.

As at the date of this Prospectus, the Manager acts as authorised corporate director or manager of the investments companies and authorised unit trusts set out in Appendix 3.

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

The Directors of the Manager are as set out in Appendix 4. None of them have any significant business activities not connected with the business of the Manager.

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

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

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

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

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

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

Information on the typical investor profile for the Trust is set out in Appendix 2.

### **Trustee**

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

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

### **Duties of the Trustee**

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

### **Conflicts of interest**

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

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

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

### **Delegation of Safekeeping Functions**

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

Scheme Property to CACEIS Bank, UK Branch (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Trust may invest to various sub-delegates (“sub-custodians”).

### **Terms of agreement**

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

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

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

Under the Depositary Agreement the Trustee will be liable to the Trust for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Trust as a result of the Trustee’s negligent or intentional failure to fulfil its obligations. However, the Depositary Agreement excludes the Trustee from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

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

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

Details of the fees payable to the Trustee are given in the Trustee’s Fees and Expense section.

### **Investment Manager**

The Manager is responsible for the overall investment management and administration of the Scheme. The Manager has delegated its day-to-day responsibility for investment management to the following Investment Manager to the Scheme:

#### **Wren Investment Office Limited**

A company incorporated in England and Wales whose registered office is at 66 Lincoln’s Inn Fields, London, WC2A 3LH. Wren Investment Office Limited is authorised to carry on investment business by virtue of its authorisation and regulation by the FCA.

The appointment of the Investment Manager has been made under an agreement between the Manager and the Investment Manager. Wren Investment Office Limited

has full discretionary powers over the investment of the property of the Scheme subject to the overall responsibility and right of veto of the Manager. Copies of the Investment Manager's execution policy and voting policy are available from the Manager on request. The agreement is terminable on receipt of written notice given by either party. The Manager has the right to terminate the Agreement with immediate effect in certain circumstances.

### **Registrar and Administrator**

The Manager has not delegated the role of administrator of the Scheme.

The Register of holders is maintained by the Manager at its office at 177 Bothwell Street, Glasgow, G2 7ER, and may be inspected at that address during normal business hours by any holder or any holder's duly authorised agent.

### **Auditors**

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

### **Conflicts of Interest**

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

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

Transactions may be effected in which the Manager or the Investment Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Scheme. Where a conflict cannot be avoided, the Manager and Investment Manager will have regard to their fiduciary responsibilities to act in the best interests of the Scheme and its investors. The Manager 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 Scheme than if the potential conflict had not existed.

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

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

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

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

## 2. OBJECTIVES OF THE ORCHARD FUND

### Characteristics of the Scheme

The name of the Scheme is the Orchard Fund and it is marketable to all retail investors. The Scheme is an authorised unit trust scheme and non-UCITS retail scheme for the purposes of the Sourcebook and is an AIF for the purposes of AIFMD.

FCA Product Reference Number: 200147

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

The Scheme was established on 23<sup>rd</sup> October 2002, and launched on 1<sup>st</sup> November 2002. Historical performance figures for the Scheme are given at Appendix 1.

The Scheme is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The Manager takes reasonable steps to ensure that each investment transaction carried out within the Scheme is suitable for the Scheme, having regard to the investment objective and policy of the Scheme. This Prospectus is intended to provide information to potential investors about the Scheme.

The base currency of the Scheme is Pounds Sterling or such other currency as may be the lawful currency of the UK from time to time.

Unitholders are not liable for the debts of the Scheme.

### Special Considerations

#### **Investment Objective**

The Scheme is designed to achieve growth in capital and income.

#### **Investment Policy**

The Scheme will primarily invest in units in collective investment schemes which themselves have a main focus on shares of any country and any economic sector of the world. The assets in which the Scheme may also invest will be transferable securities, other collective investment schemes, money market instruments, deposits, cash or near cash investments, and warrants.

Investment may be made in other collective investment schemes managed by the Manager or an associate of the Manager.

Approved derivatives transactions are for the purpose of Efficient Portfolio Management. The Fund may only use derivatives and forward transactions for investment purposes on the giving of appropriate notice to Unitholders. The use of derivative and forward transactions for Efficient Portfolio Management is not intended to increase the risk profile of the Fund.

### **Benchmark**

Unitholders may compare the performance of the Scheme against the ARC Sterling Equity Risk PCI. Comparison of the Scheme's performance against this benchmark will give Unitholders an indication of how the Scheme is performing against an index based on the real performance numbers delivered to discretionary private clients by participating investment managers.

The benchmark is not a target for the Scheme, nor is the Scheme constrained by the benchmark.

### **Investor Profile**

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

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

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

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

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

### **3. INVESTMENT**

The investment objectives and policies set out in Section 2 are subject to the limits on investment under the FCA Rules. These limits are summarised below.

Subject to the terms of these limits, the whole of the property of the Scheme may be invested in any of the permitted classes of assets described below.

**The investment policy of the Scheme may involve the Investment Manager investing Scheme property principally in other scheme units however this is subject to change from time to time in the discretion of the Investment Manager where a change is believed to be in the best interests of the unitholders.**

Under normal circumstances, the Manager would expect substantially all of the assets of the Scheme to be invested in investments appropriate to the Scheme's investment objectives, with not more than 10% held in cash.

The Manager may, however, hold cash or near cash to the extent this is reasonably necessary to enable pursuit of the Scheme's investment objectives, the redemption of units, the efficient management of the Scheme or other purposes ancillary to the Scheme's investment objectives.

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

#### **Approved Securities**

The Scheme property may be invested in approved securities with no maximum limit. In order to qualify as an approved security, the market upon which the security is traded must meet certain criteria as laid down in the Sourcebook.

Eligible markets

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

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

- a) is regulated;
- b) operates regularly;
- c) is recognised; and
- d) is open to the public.

The Manager after consultation with the Trustee, has decided that the exchanges listed in Appendix 5 are eligible markets in the context of the investment policy of the Scheme.

## **Transferable Securities**

Transferable securities are, in general terms, units, debentures, government and public securities, warrants or certificates representing certain securities. Not more than 20% in value of the Scheme property can be invested in transferable securities which are not approved securities.

The scheme property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to foresee that the amount of any existing and potential call for any sum is unpaid could be paid by the Scheme, at the time when payment is required, without contravening the requirements of the Sourcebook.

## **Money Market Instruments**

Not more than 20% in value of the Scheme property is to consist of money market instruments which are not:

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

## **Derivatives and Forward Transactions**

A transaction in derivatives or a forward transaction must not be effected for the Scheme unless:

- (a) the transaction is of a kind specified in the Sourcebook, as summarised below;
- (b) the transaction is covered, as required by the Sourcebook.

Where the Scheme invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading "Spread" below.

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



Where the Scheme invests in an index-based derivative, provided the relevant index falls within the relevant requirements of the Sourcebook underlying constituents of the index do not have to be taken into account for the purposes of restrictions spread, subject to the Manager taking account of the Sourcebook in relation to prudent spread of risk.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives described below.

A transaction in a derivative must not cause the Scheme to diverge from its investment objectives as stated in this Prospectus.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives.

Any forward transaction must be with an approved counterparty under the Sourcebook.

No agreement by or on behalf of the Scheme to dispose of property or rights may be made:

- (a) unless the obligation to make the disposal and any other similar obligations could immediately be honoured by the Scheme by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- (b) the property and rights at (a) are owned by the Scheme at the time of the agreement.

This requirement does not apply to a deposit.

The transaction alone or in combination must be reasonably believed by the Manager to diminish a risk of a kind or level which it is sensible to reduce.

Each derivative transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

A transaction in an OTC derivative must be:

- (a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:
  1. an eligible institution or an approved bank; or
  2. a person whose permission (including any requirements or limitations), as published in the FCA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- (b) on approved terms. The terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Trustee is satisfied that the counterparty has agreed with the Manager:
  1. to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any other time at the request of the Manager;

2. that it will, at the request of the Manager, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the pricing model or other reliable basis agreed under (3) below; and
3. capable of valuation. A transaction in derivatives is capable of valuation only if the Manager, having taken reasonable care, determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 3.1 on the basis of the pricing model which has been agreed between the Manager and the Trustee.
  - 3.2 on some other reliable basis reflecting an up-to-date market value which has been so agreed.

**Approved derivatives transactions are for the purpose of Efficient Portfolio Management<sup>1</sup> and on the giving of appropriate notice, meeting the investment objectives of the Scheme. It is, therefore, anticipated that the outcome of the use of derivatives would be principally to hedge against currency risks. Movements in currencies may, however, render such hedging ineffective. If derivatives are used for investment purposes, the net asset value of the Scheme may in consequence be highly volatile at times. This would also be the case if the Scheme used Warrants as described below. However, it is the Manager's intention that the Scheme, owing to their portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.**

## Deposits

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<sup>1</sup> The Trust may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the Trust and the risk diversification rules laid down in the FCA Regulations. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

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

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

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

Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Regulations, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the FCA Regulations. A permitted transaction may at any time be closed out.

The Scheme 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.

### **Collective Investment Schemes**

The Scheme may invest in units in a collective investment scheme (the 'second scheme') provided that the second scheme satisfies all of the following conditions:

- (a)
  - (i) be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive implemented in the in the EEA; or
  - (ii) it is a scheme recognised under section 272 of the Financial Services and Markets Act 2000; or
  - (iii) it is authorised as a non-UCITS retail scheme; or
  - (iv) it is constituted outside the United Kingdom and its investment and borrowing powers are the same or more restrictive than those of a non-UCITS retail scheme; or
  - (vi) if a scheme not falling within (i) to (iv) and it is a scheme which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested;
- (b) the second scheme operates on the principle of the prudent spread of risk;
- (c) the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes (unless COLL 5.6.10AR applies); and
- (d) the participants in the second scheme are entitled to have their units redeemed in accordance with the scheme at a price:
  - (i) related to the net value of the property to which the units relate; and
  - (ii) determined in accordance with the scheme.

Subject to the restrictions above, investment may be made in other collective investment schemes managed by the Manager or an associate of the Manager, provided that the Manager makes good to the Scheme certain amounts specified in COLL 5.2.16R. There is no limit on the extent of the property of the Scheme that may be invested in such schemes.

Any second schemes in which the Scheme invests will be established in the locations listed in Appendix 7. The Scheme may invest in second schemes established in locations not currently listed in Appendix 7 provided the second scheme satisfies the requirements of this Prospectus and the FCA Regulations, where this occurs the list in Appendix 7 will be updated and an updated Prospectus issued.

### **Feeder Schemes**

A non-UCITS retail scheme that is not a feeder NURS may, if the conditions in (2) to (5) are met, invest in units of:

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

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

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

Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under COLL 5.6.10AR (1a to d).

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

The authorised fund manager of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under COLL 5.6.10AR (1a to d) is:

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

## **Warrants**

The Scheme may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below.

**A warrant is a time-limited right to subscribe for units, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.**

## **SPREAD : GENERAL**

With the exception of transferable securities or approved money-market instruments to which COLL 5.6.8R (Spread: government and public securities) applies, and for the purposes of the rules below, companies included in the same group for the purposes of consolidated accounts as defined in Directive 83/349/EEC, or in the same group in accordance with international accounting standards, are regarded as a single body):

- (a) not more than 10% of the value of the scheme property of the Scheme is to consist of transferable securities or money market instruments issued by one issuer (in application of which certificates representing certain securities are treated as equivalent to the underlying security);
- (b) not more than 20% in value of the scheme property of the Scheme is to consist of deposits with a single body; and
- (c) the exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the scheme property of the Scheme;

## **SPREAD : GOVERNMENT AND PUBLIC SECURITIES**

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

- (a) the UK or an EEA State;
- (b) a local authority of the UK or an EEA State;
- (c) a non-EEA State other than the UK; or
- (d) a public international body to which the UK or one or more EEA States belong.

Where no more than 35% in value of the scheme property of the Scheme 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.

The Scheme may invest more than 35% in value of the scheme property in such securities issued by any one body, provided that:

- (a) the Manager has before any such investment consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Scheme;
- (b) no more than 30% in value of the scheme property consists of such securities of any one issue; and
- (c) the Scheme property includes such securities issued by that or another issuer, of at least six different issues.
- (d) the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.

In relation to such securities, subject to the limitations set out in the Sourcebook, more than 35% in value of the Scheme property may be invested in Government and public securities issued by the Government of the United Kingdom and the Government of the United States of America.

## **GENERAL**

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

### **4. BORROWING POWERS AND LEVERAGE**

The Trustee of the Scheme may, in accordance with the Sourcebook and with the instructions of the Manager, borrow sums of money for the use of the Scheme on terms that the borrowing is repayable out of the property of the Scheme.

Such borrowings must be made from the eligible institutions and must not exceed 10 per cent of the value of the property of the Scheme.

Borrowing may be made from the Trustee of the Scheme or an associate of it at a normal commercial interest rate.

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.

## **LEVERAGE**

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

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

- i) The Scheme may borrow up to 10% of its net asset value from an Approved Bank, and
- ii) Through the use of derivatives. Any exposure by the Scheme through the use of derivatives must be covered by cash or readily realisable assets held by the Scheme. Restrictions on the use of derivatives are outlined in the Investment Objective and Policy in Appendix 1 and detailed in the Investment and Borrowing Powers in Paragraphs 3 and 4.

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

The following restrictions apply to the use of leverage:

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

implemented by the Manager before the Scheme enters into any transactions which require it to hold collateral from a counterparty.

Under AIFMD, it is necessary for AIFs to disclose their leverage in accordance with prescribed calculations. The two types of leverage calculations defined are the gross and commitment methods. These methods summarily express leverage as a ratio of the exposure of the AIF against its net asset value. 'Exposure' typically includes debt, the value of any physical properties subject to mortgage, non sterling currency, equity or currency hedging (even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging) and derivative exposure (converted into the equivalent underlying positions). The commitment method nets off derivative instruments, while the gross method aggregates them.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value:

- (a) under the Gross Method is 200 per cent; and
- (b) under the Commitment Method is 130 per cent.

The limits have been set for the investment policy of the AIF under AIFMD and have been set to accommodate the maximum level of leverage conceivable.

## **5. THE CHARACTERISTICS OF UNITS IN THE SCHEME**

### **Type of Units**

The Trust Deed permits the issue of both income and accumulation units. Currently, both types of units are available. Net income receivable in respect of income units is distributed to unit holders, while that in respect of accumulation units is retained for investment in the Scheme, and correspondingly increases the value of the accumulation units. An income unit represents one undivided share in the capital property of the Scheme. An accumulation unit represents one undivided share in the capital property plus further units relating to net income retained. Each undivided share ranks *pari passu* with the other undivided units in the Scheme. The nature of the right represented by units is that of a beneficial interest under a trust.

### **Accounting and Income Distribution Dates**

The Scheme's annual accounting reference and half yearly accounting dates are

Annual Accounting Reference Date:	31 March
Annual Income Allocation Date:	31 May
Half Yearly Accounting Date:	30 September
Half Yearly Income Allocation Date:	30 November

Distributions of income for the Scheme are made on or before the annual income allocation date and on or before the half yearly income allocation date each year. Distributions of income are paid by BACS or by telegraphic transfer.

Each holder of income units is entitled, on the half yearly and annual income allocation dates, to the net income attributable to his holding.

Net income on accumulation units is not distributed but is accumulated, being automatically reinvested after the annual accounting reference date and half yearly accounting dates to increase the value of each unit.

The Manager reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

The Manager and the Trustee have agreed a de minimis amount of £20 in respect of distribution of income payments made by cheque.

Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the Scheme.

### **Payment of Distributions**

The income available for distribution is determined in accordance with the Sourcebook. It comprises all income received or receivable for the account of the Scheme in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting with the Scheme's auditors, in accordance with the Sourcebook, in relation to taxation and other matters. The Manager does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period.

The Manager reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

On the income allocation dates, an amount, as determined by the Manager in accordance with the Trust Deed and the Sourcebook, is paid, to those unitholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the unitholder's nominated bank account. If the income allocation date is a non business day, payment will be made on the previous business day.

The Scheme may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.

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

### **Certificates and Title**



No certificates are issued to unitholders.

Title to units is evidenced by the entry on the Register; unitholders may but need not support an instruction to the Manager by enclosing the contract note or the most recent annual statement or copies of such documents.

### **Meetings of Unitholders, Voting Rights and Changes to the Scheme**

A meeting of unitholders duly convened and held may, by extraordinary resolution, effect certain matters including:

- a) authorise any modification, alteration or addition to the provisions of the Trust Deed relating to the Scheme which have been properly put forward;
- b) authorise the departure by the Manager from a policy statement or set of investment objectives included in the Prospectus;
- c) remove the Manager (or determine that the Manager be removed as soon as this is permitted by law); and
- d) approve a proposed scheme of amalgamation or of reconstruction put forward by the Manager.

A meeting of unitholders has no powers other than those contemplated by the Sourcebook.

Unitholders must receive at least 14 days' notice of any meeting of unitholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy. The quorum at a meeting of unitholders shall be two unitholders present in person or by proxy. At any meeting of unitholders, on a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote.

On a poll, every unitholder who is present in person or by proxy shall have one vote for every complete undivided share in the property of the Scheme and a further part of one vote proportionate to any fraction of such an undivided share of which he is the unitholder. A unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Any resolution put to a meeting of unitholders will be proposed as an extraordinary resolution which to be passed requires a majority of 75% of the total number of votes cast for and against such a resolution.

In the context of despatch of notice, "unitholders" means the persons who were entered in the register of holders 7 days before the notice of meeting was given but excluding persons who are known not to be entered on the register at the date of despatch of the notice.

In the context of voting, "unitholders" means the persons who were entered on the register of holders 7 days before the notice of meeting was given but excluding any persons who are known not to be entered on the register at the date of the meeting.

The Manager is not entitled to vote at or be counted in a quorum at a meeting of unitholders in respect of units held or deemed to be held by the Manager, except where the Manager holds units on behalf of, or jointly with, a person who, if

himself the sole registered unitholder would be entitled to vote, and from whom the Manager has received voting instructions. Associates of the Manager are entitled to be counted in a quorum and, if they hold units on behalf of a person who would have been entitled to vote if he had been a registered unitholder and they have received voting instructions from that person, may vote in respect of such units pursuant to such instructions.

Changes to the Scheme are classified as fundamental, significant or notifiable.

The Manager must obtain the prior approval of unitholders by extraordinary resolution for any proposed change to the Scheme that is a fundamental change. This is a change or event which:

- (a) changes the purpose or nature of the Scheme;
- (b) may materially prejudice a unitholder;
- (c) alters the risk profile of the Scheme; or
- (d) introduces a new type of payment out of the Scheme property.

The Manager must give prior written notice to unitholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

- (a) affects a unitholder's ability to exercise his rights in relation to his investment;
- (b) would reasonably be expected to cause the unitholder to reconsider his participation in the Scheme;
- (c) results in any increased payments out of the Scheme property to the Manager or an associate of the Manager; or
- (d) materially increase other types of payment out of the Scheme property.

The notice period must be of reasonable length, and must not be less than 60 days.

The Manager must inform unitholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Scheme. This is a change or event, other than a fundamental or significant change, which a unitholder must be made aware of unless the Manager concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Scheme.

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

## **6. PRICING OF UNITS**

### **Valuation of Property**

The valuation of the Scheme will take place on each dealing day at 5.00 p.m. (the valuation point). The valuation determines the net asset value of the Scheme.

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

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

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

**There will only be a single price for any units as determined from time to time by reference to a particular valuation point.**

The price per Unit at which Units are bought, redeemed or switched is the Net Asset Value per Unit. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition and is taken from the gross subscription or redemption monies. It is not currently the Manager's policy to apply a dilution levy.

For the purpose of the pricing of units, a business day is defined as a day on which the dealing office of the Manager is open for the buying and selling of units. The Manager may at any time during a business day carry out an additional valuation of the property of the Scheme if the Manager considers it desirable to do so.

The net asset value of the property of the Scheme shall be the value of its assets less the value of its liabilities determined (inter alia) in accordance with the following provisions.

All the property of the Scheme (including receivables) is to be included when valuing the Scheme, subject to the following provisions:

- (i) property which is not cash (or other assets dealt with in sub-paragraph (ii) 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:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the mean of the two prices provided the buying price has been reduced by an initial charge included therein and the selling price has been increased by an exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no

recent price exists, at a value which, in the opinion of the manager, is fair and reasonable;

- (b) any other transferable security:
  - (i) if a single price for buying and selling the security is quoted, at that price; or
  - (ii) if separate buying and selling prices are quoted, at the mid-market price; or
  - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable; and
- (c) property other than that described in (a) and (b) above shall be valued at an amount which, in the opinion of the Manager, represents a fair and reasonable mid-market price;
- (ii) cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;
- (iii) there will be a deduction of an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax and value added tax;
- (iv) there will be a deduction of an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day;
- (v) there will be a deduction of the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;
- (vi) in determining the value of the scheme property, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case;
- (vii) subject to sub-paragraphs (viii) and (ix) below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount;
- (viii) 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 sub-paragraph (vii);
- (ix) all agreements are to be included under sub-paragraph (vii) which are, or ought reasonably to have been, known to the person valuing the property;
- (x) add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;

- (xi) add any other credits or amounts due to be paid into the scheme property;
- (xii) add a sum representing any interest or any income accrued due to deemed to have accrued but not received; and
- (xiii) currencies or values in currencies other than base currency shall be translated at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of unitholders or potential unitholders.

### **Pricing Basis**

The Manager currently elects to deal on a forward basis. The Manager may, subject to certain conditions and with the agreement of the Trustee, change the basis of dealing. In general the rules are as follows:

- a) If the Manager's choice is forward, all deals must be at a forward price and the election lasts until the end of the dealing period.
- b) The Manager may at any time elect for forward only for the rest of the then current period.
- c) Cancellations must be on the same basis as issues.

### **Publication of Prices**

Prices can be obtained by telephone on 0141 222 1151 or by going to [www.trustnet.com](http://www.trustnet.com). For reasons beyond the control of the Manager, these may not necessarily be the current prices.

### **Equalisation**

When an incoming unitholder purchases a unit during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the net asset value of the Scheme. The first allocation of income in respect of that unit refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of units of the type in question issued or re-issued in a grouping period by the number of those units and applying the resulting average to each of the units in question.

### **Grouping**

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in section 5 above. If there are no interim accounting periods the periods for grouping of units will be annual accounting periods. Grouping is permitted by the Trust Deed for the purposes of equalisation.

### **Client Money**

As required by the FCA's client money rules, the Manager will hold money received from clients or on the client's behalf in accordance with those rules in a pooled

client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

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

The Manager will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control. In the event of the insolvency of any party, clients' money may be pooled which means that unitholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

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

## **7. BUYING AND SELLING UNITS**

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

A business day for this purpose means every day or part of a day, other than Saturdays, Sundays, public holidays in England or any day or part of a day on which the London Stock Exchange is not open for trading.

### **Buying Units**

#### **Procedure**

Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the Manager's Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER, either (i) accompanied by a cheque (up to £50,000) or (ii) having made a telegraphic transfer to the Manager's bank account. Application forms are available from the Manager. The Manager will accept written instructions accompanied by payment for subsequent transactions which can be carried out by writing to the Manager's Transfer Agency team at the Correspondence Address set out in Appendix 6. The Manager will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase units by telephoning the Manager on 0141 222 1150.

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

only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application.

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

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

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

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

The Manager reserves the right to reject, on reasonable grounds, any application for units in whole or in part, in which event, the Manager will return by post, any money sent, or the balance, for the purchase of units which are the subject of the application, at the risk of the applicant.

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

### **Right to Cancel**

Unitholders have a right to cancel their transactions within 14 calendar days of receipt of their contract note. If a unitholder cancels their contract, they will receive a refund of the amount that they invested including the initial charge either in full or less a deduction to reflect any fall in unit price since the date of investment. This may result in a loss on the part of unitholders. If unitholders wish to exercise their right to cancel, they should write to the Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER. Unitholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Unitholders should note that in certain circumstances, there may be a delay in returning their investment.

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

A contract note giving details of the units purchased will be issued to the unitholder (the first named, in the event of joint holders) no later than the end of next business day following the Valuation Point. Payment in full should be made not later than the fourth business day after the date of purchase, and the Manager reserves the right to require payment in advance.

Unit certificates will not be issued in respect of units. Ownership of units will be evidenced by an entry on the Scheme's register of unitholders. Tax vouchers in respect of half yearly distributions of income will show the number of units held by the recipient in respect of which the distribution is made. Individual statements of

a unitholder's (or, when units are jointly held, the first named holder's) units will also be issued at any time on request by the registered holder.

### **Minimum Subscriptions and Holdings**

The minimum initial subscription is £100,000, and further subscriptions are subject to a minimum of £1,000. The only restriction on holdings is the value of the holding; there is no minimum number of units which any unitholder need hold. The Manager reserves the right to reduce or waive minimum investment levels.

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

### **In Specie Issue**

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

### **Selling Units**

At any time during a dealing day when the Manager is willing to sell units it must also be prepared to redeem units. The Manager may refuse to redeem a certain number of units if the redemption will mean the unitholder is left holding units with a value of less than the minimum initial subscription of £100,000.

Requests to redeem units may be made in writing to the Manager's Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER. The Manager may also, at its discretion and by prior agreement, accept instructions to redeem units from FCA regulated entities by telephone on 0141 222 1150 or by fax. The Manager may accept requests to sell or transfer units by electronic communication. Electronic communication does not include email.

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

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

A contract note giving details of the number and price of the units sold back to the Manager will be issued to unitholders (the first named, in the event of joint holders) or their duly authorised agents together with a form of renunciation for completion and execution by the unitholder (and, in the case of a joint holding, by all the joint holders) not later than the next business day after the units were sold.

When units are redeemed, payment will be made by BACS, telegraphic transfer or CHAPS within four working days of the valuation point of the Scheme immediately following receipt by the Manager of the request to redeem units or the time when the Manager has received all duly executed instruments and authorisations as will vest to title in the Manager or enable it to arrange to do so, whichever is the later.



The Manager is not required to issue payment in respect of the redemption of units where it has not yet received the money due on the earlier issue of those units.

### **Switching**

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

Switching may be effected by writing to the Manager at 177 Bothwell Street, Glasgow, G2 7ER. A switching unitholder must be eligible to hold the units into which the switch is to be made.

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

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

The Manager may at its discretion charge a preliminary charge on the switching of units between funds.

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

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

A switch of units between different funds is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

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

### **Unit class Conversion**

If applicable, a holder of units in a unit class ("Old Class Units") of a fund may exchange all or some of his units for units of a different Unit Class within the same fund ("New Class Units"). An exchange of Old Class Units for New Class Units will be processed as a conversion ("Unit Class Conversion").

Unlike a Switch, a conversion of Old Class Units into New Class Units will not involve a redemption and issue of units. This transaction will not be included in the calculations for SDRT (see “Taxation” for further details), and for the purposes of income equalisation the New Class Units will receive the same treatment as the Old Class Units.

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

Conversions may be effected by writing to the Transfer Agency Team (which, in the case of joint Unitholders must be signed by all the joint holders). A converting Unitholder must be eligible to hold the Units into which the conversion is to be made. The Manager may, at its discretion and by prior agreement, accept conversion instructions by telephone from FCA regulated entities only. It is the Manager’s intention that Unit Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the Manager reserves the right to defer a Unit Class Conversion until no later than after the next annual accounting date if it is in the interests of other Unitholders.

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

If the conversion would result in the Unitholder holding a number of Old Class Units or New Class Units of a value which is less than the minimum holding in the unit class concerned, the Manager may, if it thinks fit, convert the whole of the applicant’s holding of Old Class Units to New Class Units or refuse to effect any conversion of the Old Class Units.

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

A Unitholder who converts their units in one unit class to units in a different unit class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.

### **Suspension, Mandatory Cancellation and Redemption**

The Manager may if the Trustee agrees, or shall if the Trustee so requires, at any time for a temporary period, suspend the sale and redemption of units if the Manager or Trustee (in the case of any requirement by the Trustee), believes that there is good and sufficient reason to do so, having regard to the interests of all unitholders or potential unitholders. The suspension will only permitted to continue for as long as it is justified having regard to the interests of the unitholders. The Manager and the Trustee must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

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

Re-calculation of issue and cancellation prices will commence on the business day immediately following the end of the suspension, at the relevant valuation point.

A person who becomes aware that he has acquired or is holding affected units in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected units, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his affected units to a person qualified to own them or give a request in writing to procure that such a request for the redemption or cancellation of all his affected units pursuant to the Sourcebook.

### **Statements**

A holding statement will be issued to each unitholder on each allocation date of the Scheme. Interim statements are available on request.

### **In Specie Redemptions and Cancellation of Units**

Where a unitholder requests redemption or cancellation of units, the Manager may, at its discretion, give written notice to the unitholder before the proceeds would otherwise become payable that, in lieu of paying such proceeds in cash, the Manager will transfer to that unitholder property attributable to the scheme having the appropriate value. Where such notice is given, the unitholder may, by written notice given to the Manager before the relevant property is transferred to the unitholder, require the Manager to arrange for a sale of that property and the payment to the unitholder of the net proceeds of that sale. The selection of the property to be transferred (or sold) will be made by the Manager in consultation with the Trustee, with a view to achieving no more advantage or disadvantage to the unitholder requesting cancellation of his units than to continuing unitholders. The Manager may retain out of the property to be transferred (or the proceeds of sale) property or cash of a value equivalent to any stamp duty or stamp duty reserve tax to be paid to the redemption or cancellation of the units.

### **Governing Law**

All deals in Units are governed by English law.

### **8. Restrictions and Compulsory Transfer and Redemption**

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

A person who becomes aware that he has acquired or is holding affected units in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected units, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his affected units to a person qualified to own them or give a request in writing to procure that such a request for the redemption or cancellation of all his affected units pursuant to the Sourcebook.

## **9. CHARGES AND EXPENSES OF THE SCHEME**

### **Management Charges**

#### **Preliminary Charge**

The Manager's preliminary charge is currently 3% of the issue price of a unit. The Manager can waive this charge at its discretion.

#### **Periodic Charge**

The Manager is also entitled under the Trust Deed to make a periodic charge which accrues daily and it is payable monthly, calculated on the value of the property of the Scheme, determined in accordance with the Trust Deed and the Sourcebook and payable in arrears on the last Business Day of each month out of the property of the Scheme in accordance with the Sourcebook. For this purpose the value of the Scheme is inclusive of the issues and cancellations which take effect as at the relevant valuation point. The periodic charge shall accrue daily and shall be calculated by reference to the value of the property of the Scheme based on the month end valuation from the previous month. The periodic charge is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current rate of the periodic (per annum) charge is 1.125%.

**The Manager is responsible for the payment of the fees of the Investment Manager and those of any sub-advisers.**

Any increase of the preliminary or the periodic charge may be made by the Manager only after giving 60 days' written notice to the unitholders (in the case of an increase of the periodic charge) or to the Trustee (in the case of the preliminary charge) and making available, for 60 days, the Prospectus amended to reflect the proposed increase.

#### **Redemption Charge**

The Trust Deed of the Scheme contains a provision for the Manager to make a redemption charge but at present there are no plans to impose such a charge. The Manager must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the Manager:

- a) gave notice in writing of that introduction or change and of the date of its commencement, to the Trustee and to all the persons who ought reasonably to be known to the Manager to have made an arrangement for the purchase of units at regular intervals; and
- b) has revised the prospectus to reflect the introduction or change and the date of its commencement and has made the revised prospectus available.

**Charge for investment research - None.**

### **Trustee's Fees and Expenses**

The Trustee is paid a monthly periodic fee (plus VAT) in remuneration for its services from the property of the Scheme. The Trustee's fee is calculated on the value of the property of the Scheme determined in accordance with the Trust Deed and the Sourcebook, and payable out of the property of the Scheme in accordance with the Sourcebook. For this purpose, the value of the Scheme is inclusive of the issues and cancellations which take effect as at the relevant valuation point. The Trustee's fee shall accrue daily, and shall be calculated by reference to the value of the property of the Scheme at the first valuation point in each month. The Trustee's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current fees payable are shown below:

- .0275% per annum plus VAT on Scheme Property of the relevant Trust below £50,000,000; then
  - 0.025% per annum plus VAT on Scheme Property of the relevant Trust between £50,000,000 and £100,000,000; then
  - 0.02% per annum plus VAT on Scheme Property of the relevant Trust above £100,000,000.
- But always subject to a minimum of £7,500 per Fund per annum plus VAT.

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

Item	Range
Transaction Charges	Between £1.96 and £75.65 per transaction
Safe Custody Charges	Between 0.001% and 0.5525% of the value of investments being held per annum

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

The Trustee is entitled to be reimbursed out of the property of the Scheme for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by the Sourcebook together with any VAT payable. The relevant duties may include without limitation:

- delivery of stock to the Trustee or Custodian;
- custody of assets;
- collection of income;
- submission of tax returns, handling tax claims;

- preparation of the Trustee’s annual report;
- stocklending; and
- such other duties as the Trustee is required by law to perform.

In addition the Trustee may be paid the following expenses or disbursements (plus VAT):

- a) all expenses of registration of assets in the name of the Trustee or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; of obtaining advice, including legal, accountancy or other advice, of conducting legal proceedings; of communicating with unitholders, the Manager, the Registrar or other persons in respect of the Scheme, relating to any enquiry by the Trustee into the conduct of the Manager and any report to unitholders; or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- b) all charges of nominees or agents in connection with any of the matters referred to at (a) above; and
- c) any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by Trustees. If any person at the request of the Trustee in accordance with the Sourcebook, provides services including but not limited to those of a custodian of property of the Scheme, the expenses and disbursements hereby authorised to be paid to the Trustee out of the property of the Scheme shall extend to the remuneration of such persons as approved by the Trustee and the Manager.

### Other Expenses

No payments may be made out of the property of the Scheme other than payments to the Manager and the Trustee as set out above (and other sums due by virtue of the Sourcebook (such as, for example, cancellation proceeds and reasonable stocklending expenses)) and the following (to the extent of the actual amount incurred):

- a) expenses properly incurred by the Manager in the performance of its duties as Manager of the Scheme; and
- b) broker’s commission, fiscal charges and other disbursements which are:
  - (i) necessary to be incurred in effecting transactions for the Scheme; and
  - (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate; and
- c) all fees charged by and any expenses and disbursements agreed for payment to any Registrar appointed under the Sourcebook (or any expenses or

disbursement incurred by the Manager acting as Registrar); the fees of the Registrar are currently £10 per unitholder per annum and are accrued and paid at the same periodic intervals as are referred to in "Management Charges" above; and

- d) taxation and duties payable in respect of the property of the Scheme, the Trust Deed or the issue of units; and
- e) any costs incurred in modifying the Trust Deed constituting the Scheme, including costs incurred in respect of meetings of unitholders convened for the purpose where the modification is:
  - (i) necessary to implement any change in the law (including changes in the Sourcebook); or
  - (ii) necessary as a direct consequence of any change in the law (including changes in the Sourcebook); or
  - (iii) expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interest of unitholders; or
  - (iv) to remove from the Trust Deed constituting the Scheme obsolete provisions; and
- f) any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders not including the Manager or an associate of the Manager; and
- g) liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified by the Sourcebook; and
- h) the expenses of the Trustee in convening a meeting of unitholders convened by the Trustee alone; and
- i) the audit fee properly payable to the Auditors and value added tax thereon and any proper expenses of the Auditors; and
- j) the fees of the FCA as prescribed under the Fees Manual of the FCA's Handbook of Rules and Guidance or the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which units in the Schemes are or may be marketed.

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

#### **Allocation of expenses**

Expenses are allocated between income and capital in accordance with the FCA Regulations and the Act and as specified in sub-sections a) and b) immediately below. Where expenses are allocated to income, but at the end of the accounting period there is insufficient income, the shortfall may be allocated to capital in accordance with the FCA Regulations and the Act. This may constrain capital growth.

- a) The Trustee has agreed that the Manager's periodic charge is to be apportioned equally between capital and income.
- b) All other expenses, other than those relating directly to the purchase and sale of investments, which includes stamp duty reserve tax are charged against the income of the Scheme. Transaction fees are charged against income but are deducted from capital in arriving at the distributable amount.

Where the charge is treated partly as a charge against the capital of the Scheme, this may constrain capital growth.

## **10. TAXATION**

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

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

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

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

#### **Tax on income**

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



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

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

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

## **Taxation of a Bond Trust**

### **Taxation of Capital Gains**

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

### **Tax on Income**

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

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

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

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

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

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

## **Stamp Duty Reserve Tax**

On 30 March 2014, Schedule 19 SDRT ceased to be chargeable on dealings in units in authorised unit trust. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to

dealings on units in Unit Trust 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 the below occurring within the Fund SDRT may still be triggered and where applicable be charged to the investor:

- (i) third party transfer of units; or
- (ii) non-pro rata in specie redemptions.

### **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 Trust, to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Trust to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Trust may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

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

#### **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.

## **11. WINDING-UP OF THE SCHEME**

### **Circumstances Where Winding-Up May Occur**

- a) The Trustee shall proceed to wind up the Scheme:
  - (i) if the order declaring the Scheme to be an authorised unit trust scheme ("Order of Authorisation") is revoked;

- (ii) if the Manager or the Trustee requests the FCA to revoke the Order of Authorisation and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Scheme, the FCA will accede to that request;
  - (iii) if an extraordinary resolution is passed to wind up the Scheme and the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee;
  - (iv) on the effective date of a duly approved scheme of arrangement of the Scheme which is to result in the Scheme being left with no property;
  - (v) on the expiry of any period specified in the Scheme's trust deed as the period at the end of which the Scheme is to be wound up.
- b) If any of the events set out in a) above occurs, paragraphs 5, 6.2 and 6.3 of the Sourcebook concerning Investment and Borrowing Powers, Dealing and Valuation and Pricing respectively, will cease to apply, the Trustee shall cease the issue and cancellation of units and the Manager will cease issuing, redeeming, buying and selling units in respect of the Scheme.

### **Manner of Winding-Up**

In the case of an amalgamation or reconstruction referred to in paragraph a)(iv) above the Trustee shall wind up the Scheme in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the Scheme falls to be wound up, realise the property of the Scheme and, after paying all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the unitholders and the Manager proportionately to the size of their holdings.

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

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

## **12. GENERAL INFORMATION**

### **Notices**

Any notice or document to be served upon a unitholder will be duly served if it is:

- (a) delivered to the unitholder's address as appearing in the register; or

- (b) delivered by using an electronic medium in accordance with following provisions of this paragraph.

Any notice or document served by post is deemed to have been served on the second business day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day. Any document or notice to be served on or information to be given to a unitholder, must be in legible form. For this purpose, any form is legible form which:

- (i) is consistent with the Manager's knowledge of how the recipient of the document wishes or expects to receive the document;
- (ii) is capable of being provided in hard copy by the Manager;
- (iii) enables the recipient to know or record the time of receipt; and
- (v) is reasonable in the context.

The address for service of notices or other documents required or authorised to be served on the Fund is 45 Gresham Street, London, EC2V 7BG. Please note that all dealing instructions and general correspondence should be sent to the Correspondence Address 177 Bothwell Street, Glasgow, G2 7ER.

### **Complaints**

Complaints concerning the operation or marketing of the Scheme should be referred to the Compliance Officer of the Manager at 45 Gresham Street, London, EC2V 7BG, in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the Manager's complaints handling procedure is available on request.

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

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

### **Compensation**

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

### **Risk Management**

Each unitholder may obtain on request from the Manager information supplementary to this Prospectus relating to:

- (a) the quantitative limits applying in the risk management of the Scheme;
- (b) the methods used in relation to (a); and

- (c) any recent development of the risk and yield of the main categories of investment.

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

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

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

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

### **Annual and Interim Reports**

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

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

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

### **Trust Deed and Prospectus**

Copies of the Trust Deed and of any Supplemental Deeds of the Scheme and the prospectus may be inspected at the registered office of the Manager. A copy of the prospectus is obtainable free of charge from the Manager at its Head Office. An administration fee charged may be applied by the Manager for copies of the Trust Deed and any Supplemental Deeds.

## **Money Laundering**

The EC Money Laundering Directive has now been implemented in the UK by measures added to the Criminal Justice Act 1993 and by the Money Laundering Sourcebook. As a result, firms conducting investment business are required to maintain procedures to combat money laundering. In order to implement these procedures, in certain circumstances unitholders may be asked to provide some proof of identity when buying or selling units. In the latter case the Manager cannot pay the proceeds until satisfactory evidence has been received.

## **Profit and Loss of Manager**

The Manager is under no obligation to account to the Trustee or to unitholders of the Scheme for any profit or loss made on the issue of units or in the re-issue or cancellation of units which have been redeemed, and accordingly will not do so.

## **Investors outside the UK**

The distribution of the Prospectus and the offering or purchase of units in the Scheme may be restricted in certain jurisdictions. No persons receiving a copy of the Prospectus in any such jurisdiction may treat the Prospectus as constituting an invitation to them to subscribe for units unless, in the relevant jurisdiction, such an invitation could lawfully be made to them.

Accordingly the Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of the Prospectus and any persons wishing to apply for units in the Scheme to inform them of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for units in the Scheme should inform themselves as to legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The units in the Scheme which are described in the Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person (as defined below), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such state securities laws.

"U.S. Person" means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax regardless of source. The expression also includes any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the United States Securities Act of 1933.

## **Telephone Recordings**

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

### **Best Execution**

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

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

### **Inducements and Soft Commission**

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

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

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

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

Units in, and information on, the Trust 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. RISK FACTORS**

### **General Risks**

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

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

### **Equities Risk**

Where investments are in the units of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

### **Warrants Risk**

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

### **Collective Investment Schemes Risk**

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

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

### **Leveraged Companies Risk**

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital. Furthermore, given that the Scheme may borrow in order to make investments, the Unitholders must be aware that they may suffer a greater risk resulting from the decline of the net asset value of the underlying investments made with this borrowing facility and therefore, the Schemes' risk exposure will be higher.

### **Leverage Risk**

Leverage is where a Trust borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where



assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Trust.

### **Futures and Options Risk**

The Scheme may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Scheme 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.

### **Foreign Currency Risk**

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

### **Pricing and Valuation Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Scheme will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the Manager may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

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

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

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

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

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

### **Risk to Capital**

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

### **Liquidity Risk**

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

### **Credit Risk**

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

### **Settlement Risk**

All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Scheme, for example, the

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

### **Custody Risk**

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

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

### **Tax Risk**

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

### **Inflation Risk**

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

### **Political And/Or Environmental Risk**

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

### **Market Risk**

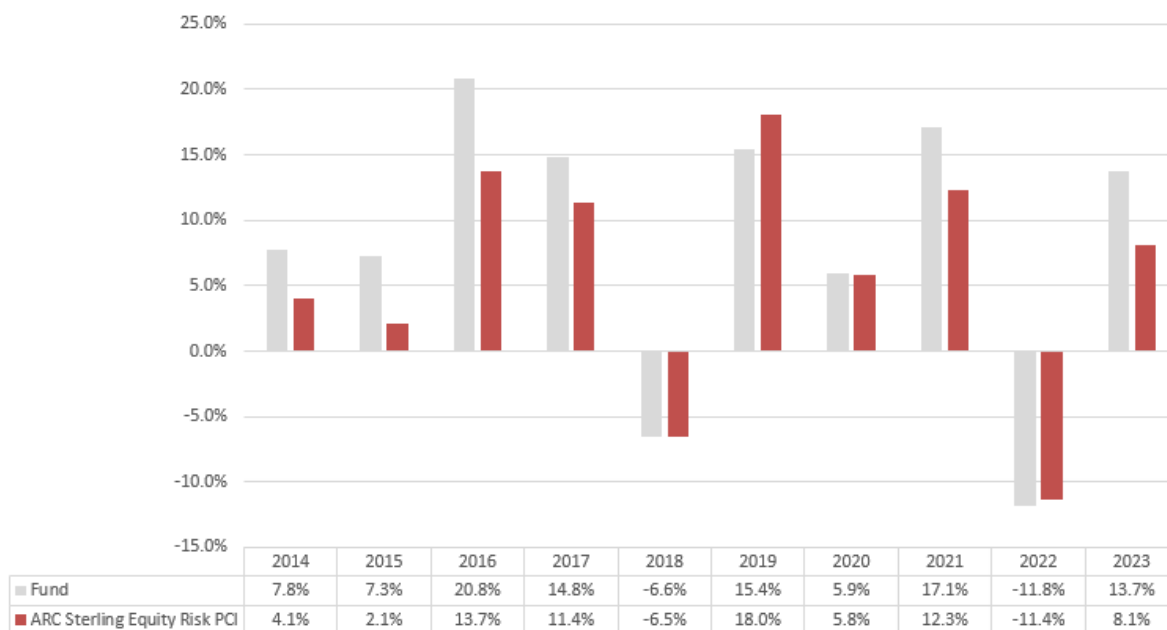
The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.

## APPENDIX 1

### Historical Performance Data

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

#### DISCRETE TEN YEAR PERFORMANCE RECORD



Source: Fund - FE fundinfo 2024  
Benchmark - Morningstar

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

The value of units in the Scheme is based upon the value of the underlying investments. The value of those investments and the income from them and consequently the value of the units and the income from them can go down as well as up and is not guaranteed. Past performance is not necessarily a guide to future performance. Investors may not get back the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

## APPENDIX 2

### Typical Investor Profile(s)

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

This Trust is suitable for all investor types whose knowledge and experience is informed or experienced, coming into the Trust from all available distribution channels.

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

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

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

### APPENDIX 3

#### List of Authorised Funds that Evelyn Partners Fund Solutions Limited Acts as Authorised Fund Manager or Authorised Corporate Director For

Authorised Unit Trusts	Investment Companies with Variable Capital
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
	The Aurinko Fund
	The Blu-Frog Investment Fund
	The Brighton Rock Fund
	The Cheviot Fund
	The Daisybelle Fund

	<p>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 4**

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

#### **Name of Director**

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 Scheme that are not connected with the business of the Manager.



## APPENDIX 5

### Eligible Markets

The Trust 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.

For the purpose of the Sourcebook, the Manager, after consultation with the Trustee, has decided that the following exchanges are eligible markets in the context of the investment policy of the Scheme:

- |     |                           |  |
|-----|---------------------------|--|
| (a) | Australia:                | Australian Securities Exchange   |
| (b) | Canada:                   | Montreal Exchange<br>Toronto Stock Exchange<br>TSX Venture Exchange  |
| (c) | Europe:                   | NYSE Liffe   |
| (d) | Hong Kong:                | Hong Kong Exchanges and Clearing Company   |
| (e) | Japan:                    | Nagoya Stock Exchange<br>JASDAQ<br>Tokyo Stock Exchange<br>Tokyo Financial Exchange<br>The OTC Market(s) regulated by the Japan Securities Dealers Association;              |
| (f) | Republic of Korea:        | Korea Exchange   |
| (g) | Mexico:                   | Mexican Stock Exchange (Bolsa Mexicana de Valores)   |
| (h) | New Zealand:              | New Zealand Stock Exchange Ltd<br>Australian Securities Exchange   |
| (i) | Singapore:                | Singapore Exchange   |
| (j) | South Africa:             | JSE Limited<br>Safex Agricultural Derivatives, and Safex Equity Derivatives  |
| (k) | Thailand:                 | Stock Exchange of Thailand   |
| (l) | United Kingdom:           | AIM<br><br>Turquoise London Stock Exchange Group   |
| (m) | United States of America: | CME Group<br>Chicago Mercantile Exchange<br>Chicago Stock Exchange<br>ICE Futures U.S<br>NASDAQ<br>NASDAQ OMX Futures Exchange<br>NASDAQ OMX PHLX<br>National Stock Exchange |

New York Stock Exchange  
NYSE MKT LLC  
NYSE Arca

- (1) The OTC Market(s) in US Government securities conducted by primary dealers selected and regulated by the Federal Reserve Bank of New York;
- (2) The OTC Market(s) in US securities, regulated by FINRA and SEC;

## **APPENDIX 6**

### **Directory**

#### **The Scheme**

Orchard Fund  
45 Gresham Street,  
London,  
EC2V 7BG

#### **The Manager, Administrator and Registrar**

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

Correspondence Address:  
Transfer Agency Team:  
177 Bothwell Street  
Glasgow  
G2 7ER

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

#### **The Investment Manager**

Registered Office:  
Wren Investment Office Limited  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

Principle Place of Business:  
Wren Investment Office Limited  
84 Eccleston Square  
London  
SW1V 1PX

#### **The Trustee**

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

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

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

## APPENDIX 7

### Establishment of Collective Investment Schemes

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

Any member state of the UK or the European Economic Area

Australia

Bermuda

Canada

Cayman Islands

Channel Islands

Isle of Man

Japan

Singapore

Switzerland

United States