

# Prospectus

## Spenser Fund

# Prospectus

This document is the Prospectus of the Spenser Fund, an authorised unit trust scheme managed by Evelyn Partners Fund Solutions Limited.

It has been prepared in accordance with The Collective Investment Schemes Sourcebook (the regulations) as part of the Financial Conduct Authority's (FCA) handbook of rules made under the Financial Services Markets Act 2000 (the Act). This Prospectus is valid as at 08 October 2024.

It contains all material information which investors and their professional advisers might reasonably require and reasonably expect to find for the purpose of making an informed judgement about the merits of participating in a scheme and the extent of the risks accepted by so participating.

Target investors for the funds may be retail or professional investors.

The Trust Deed, this Prospectus and the most recent half yearly managers reports of the fund may be inspected at the registered offices of the Manager. Copies of this Prospectus and the most recent half yearly reports of the fund may be obtained on application to the Manager.

## DEFINITIONS

“Act”	Financial Services and Markets Act 2000;
“Approved Bank”	(In relation to a bank account opened by the ACD): (a) if the account is opened at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central (vi) bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank;
“Approved derivative”	An approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Auditor”	Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Trust from time to time;
“Business day”	A day on which the London Stock Exchange is open. If the London Stock Exchange is closed
“Class” or “Classes”	in relation to Units, means (according to the context) a particular class or classes of unit;
“Client Money”	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;
“COLL”	refers to the appropriate chapter or rule in the COLL Sourcebook;
“the COLL Sourcebook”	the Collective Investment Schemes Sourcebook issued by the FCA as amended;
“Dealing day”	Weekly on every business Tuesday plus the last business day of June, September, December and each 5 April, or the last business day prior to 5 April.
“EEA State”	A member state of the European Union and any other state which is within the European Economic Area;
“Efficient Portfolio Management”	an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income with an acceptably low level of risk;
“Eligible Institution”	one of certain eligible institutions as defined in the glossary of
“EMT”	European MiFID Template;
“EUWA”	The European Union Withdrawal Act 2018.
“FCA”	The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN;
“FCA Regulations”	the rules contained in the Collective Investment Schemes Sourcebook (COLL) as part of the FCA Rules as they may be amended or updated from time to time;
“FCA Rules”	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);
“FSCS”	The Financial Services Compensation Scheme;
“Hedging”	the use of derivative transactions (which the Manager reasonably believes to be

	economically appropriate and to be fully covered) to reduce risk and cost to the Trust and to generate additional capital or income with no, or with an acceptably low level of risk;
“Income Units”	net paying units, denominated in base currency, in the Trust as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules net of any tax deducted or accounted for by the Trust;
“Investment Manager”	Rathbones Investment Management Limited
“Manager”	Evelyn Partners Fund Solutions Limited
“MiFID II”	The Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable.
“Net Asset Value” or “NAV”	the value of the Scheme Property less the liabilities of the Trust as calculated in accordance with the Trust Deed;
“Register”	the register of Unitholders of the Trust;
“Registrar”	Evelyn Partners Fund Solutions Limited, or such other entity as is appointed to act as Registrar and maintain the register to the Trust from time to time;
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended;
“Scheme Property”	the scheme property of the Trust required under the COLL Sourcebook to be given for safekeeping to the Trustee, s required by the FCA Regulations;
“SDRT”	stamp duty reserve tax;
“Trust Deed”	the trust deed constituting the Trust, as amended in accordance with the COLL Sourcebook;
“Trustee”	NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Trustee;
“UCITS Directive”	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.
“UK UCITS scheme”	In accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.
“Unit” or “Units”	a unit or units in the Trust;
“Unitholder”	a holder of registered Units in the Trust and whose name is entered on the register in relation to that unit;
“Valuation Point”	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 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;
“VAT”	value added tax.

## General information

### The Manager of the fund

Evelyn Partners Fund Solutions Limited, which is a private company limited by shares incorporated in England and Wales, is the Manager of the fund. The Manager was incorporated on 30 July 1985 (Registered Company No: 1934644). The Manager is regulated by the FCA and is authorised to carry on regulated activity in the United Kingdom.

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

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

Share capital – issued and paid up £50,000 ordinary shares of £1 each.

The directors of the Manager are listed below and none of the directors have any business activities which are of significance to the Company's business, other than those connected with the business of the Manager.

Andrew Baddeley  
Brian McLean  
Mayank Prakash  
Neil Coxhead  
Dean Buckley (Independent Non-Executive Director)  
Linda Robinson (Independent Non-Executive Director)  
Victoria Muir (Independent Non-Executive Director)  
Sally Macdonald (Independent Non-Executive Director)  
Guy Swarbreck (Non-Executive Director)

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

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the fund. It has also delegated other functions as described below.

### Auditor of the fund

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

### Investment Manager of the fund

The Manager has appointed Rathbones Investment Management Limited (the Investment Manager) to provide discretionary investment management services in relation to the scheme property of the fund, pursuant to an investment management agreement. The Investment Manager has the authority to make investment decisions on behalf of the Manager.

Registered office:  
Rathbones Investment Management Limited  
Port Of Liverpool Building  
Pier Head  
Liverpool  
L3 1NW

Principal Place of Business:  
Rathbones Investment Management Limited  
8 Finsbury Circus  
London  
EC2M 7AZ

Subject to the regulations, the Investment Manager has power under its investment management agreement to sub-delegate all or any part of its functions as investment manager.

The Investment Manager's fees and expenses are paid out of the Manager's annual management charge which is paid out of scheme property.

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

The Investment Manager is not part of the same corporate group as the Manager.

Rathbones Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

The investment management agreement may be terminated on three months' written notice by the Manager or by the Investment Manager. Notwithstanding this, the Manager may terminate this investment management agreement with immediate effect if it is in the interests of unitholders.

The principal business activity of the Investment Manager is as a provider of investment management services.

**Trustee**

The Trustee of the Trust is NatWest Trustee and Depositary Services Limited (Registered No. 11194605).

The Trustee is a private company limited by shares incorporated in England and Wales on 8 February 2018. Its ultimate holding

company is Natwest Group Plc which is incorporated in Scotland. The Trustees registered office is at 250 Bishopsgate, London EC2M 4AA.

The principal business activity of the Trustee is banking. It is authorised and regulated by the Conduct Services Authority under the registration number 794152.

<sup>†</sup> The FCA is a competent authority which has authorised and registered Evelyn Partners Fund Solutions Limited. Contact: 12 Endeavour Square, London E20 1JN. Consumer helpline 0800 111 6768 (Freephone). Main switchboard +44 207 066 1000.

# Constitution and investment policy

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Spenser Fund is an authorised unit trust scheme, authorised by the FCA on 2 May 2003 and launched in May 2003.

## Investment objective

The objective of the fund is to deliver a greater total return than our benchmark MSCI PIMFA Balanced Index, after fees, over any 10-year period.

There is no guarantee that this investment objective will be achieved over 10 years, or any other time period.

We use the MSCI PIMFA Balanced Index as a target for our fund's return because it represents a diversified, long-term portfolio.

<https://www.msci.com/notice-and-disclaimer-for-reporting-licenses>

## Investment policy

To meet the objective, the fund manager will invest globally in a mixture of government and corporate bonds with no restriction on their credit quality, equities and commodities. Investment will be made directly in such assets or through collective investment schemes.

Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

## Fund authorisation

The fund is authorised under Section 243 of the Act, and belongs to the category of UK UCITS scheme and has a base currency of pounds sterling.

## Product reference number: 200205

## Typical Investor Profile(s)

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

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

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

The fund seeks to grow capital and income over the long term (>10y).



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## Duties and liabilities of the Trustee

The Trustee Agreement sets out the duties and responsibilities of the Trustee. The main duties of the Trustee are to provide safekeeping, oversight and asset verification services in respect of the assets of the Funds in accordance with the FCA regulations.

The Trustee will also provide cash monitoring services in respect of the Fund's cash flows and subscriptions.

### Delegation to Sub-custodian

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

The Trustee has delegated safekeeping of the Scheme Property to The Bank of New York Mellon London Branch (BNYM LB) ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Funds may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is available from the Manager on request. Investors should note that the list of Sub-custodians is updated only at each Prospectus review. The Custodian is authorised by the PRA and regulated by the FCA and the PRA in the conduct of its investment business in the United Kingdom.

### Terms of Appointment

The Trustee was appointed as the trustee of the UK UCITS by virtue of the Trust Deed and is authorised by the Regulator to act as depositary of a UK UCITS.

The Trustee was appointed as depositary under a Depositary Agreement between the AFM 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 AFM are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Trustee, the Trust and the AFM 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 an indemnity 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 90 days' notice by the AFM 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 depositary.

Details of the fees payable to the Trustee are given in this document under the Expenses of the Fund section.

### 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 UK UCITS or a particular Sub-fund and/or other funds managed by the AFM 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.

Nevertheless, as the Depositary operates independently from the Company, Unitholders, the AFM and its associated suppliers and the Custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

### Updated information

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

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## Investment risk

### Investment risk and liquidity policies

The Manager considers that growth in both capital and income over the long term is best achieved by investment in equity securities. However, equities are subject to short-term fluctuations and there is a risk that their value can decrease as well as increase. There is a similar risk with currencies. The Manager may therefore attempt to minimise risk by pursuing a policy of diversification, by investing, if it thinks fit, in foreign securities or British Government securities consistent with regulatory limitations and efficient management of the fund, and may also use other hedging mechanisms (see investment limits page 7 and efficient portfolio management page 11).

Normally, the funds will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of units) and efficient management of the fund both generally and in relation to its strategic objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10 percent of the total value of the fund, there may be times when the Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases, or during such periods, a higher level of liquidity may be maintained, and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30 percent and six months respectively.

It is not intended that the funds will invest in any immovable property or tangible moveable property.

**The fund will not invest in derivatives for investment purposes, but may invest in derivatives for hedging purposes.**

**The fund may invest up to 100 percent in warrants which means that the Net Asset Value of the fund may, at times, be highly volatile.**

Unitholders are not liable for the debts of a fund.

### Risk factors

Please remember that past performance is not necessarily a guide to the future and that the value of units and the income from them can go down as well as up and you may not get back the amount invested. Tax levels and reliefs depend on individual circumstances and may be subject to future changes.

Changes in exchange rates will affect the value of your investments. For example, if sterling strengthens against the currency in which your investments are made, the value of your investments will reduce and vice versa.

Interest rate fluctuations are likely to affect the capital value of investments within bond funds. When long-term interest rates rise the capital value of units is likely to fall and vice versa. The effect will be more apparent on funds that invest significantly in long dated securities. The value of capital and income will fluctuate as interest rates and credit ratings of the issuing companies change. Emerging markets are volatile and may suffer from liquidity problems.

Where the periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth constrained. If you are unsure about the suitability of this investment, or your tax position, you should seek professional advice

### Risk and reward profile

Following implementation by the UK of the UCITS IV Directive, there are specific regulations which lay down detailed rules on the presentation of the risk and reward profile of an investment. The rules require the use of a synthetic indicator to illustrate the risk and reward profile of each individual UK UCITS scheme. The regulations introduced a range of indicators from 1 (Lower potential risk/ reward) to 7 (Higher potential risk/reward). The calculation methodology is common to all UK UCITS schemes. Potential investors should refer to the "Key Investor Information Document" ("KIID") for the relevant fund, and unit class, for details of the risk and reward indicator applicable to the fund in question.

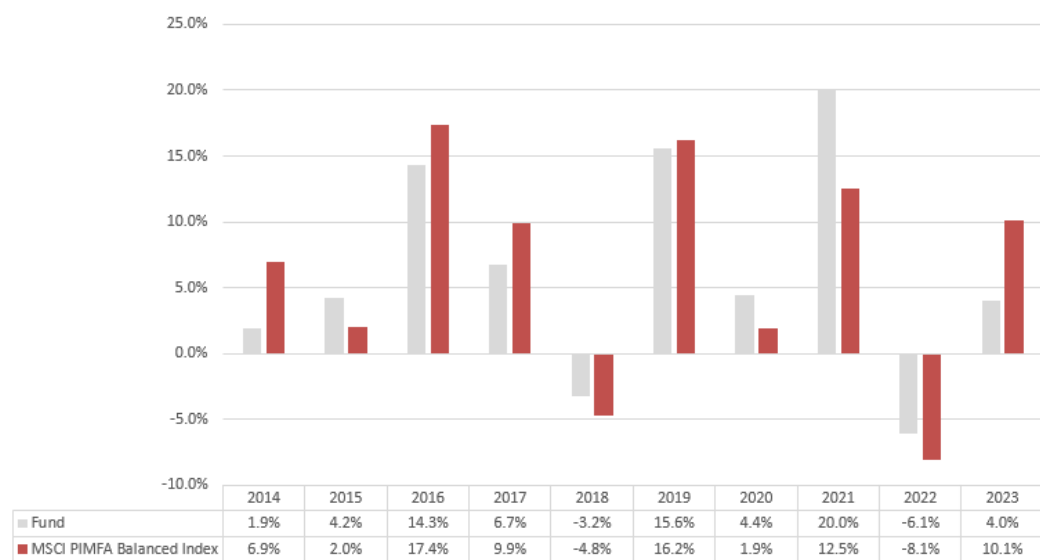
## **Remuneration Policy**

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

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

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

## Historical performance



Source: FE fundinfo 2024

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

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

## Investment limits

### Investment and borrowing powers of the fund

The fund is regulated for the purposes of its investments by Part 5 of the regulations.

#### Part 5 UK UCITS scheme

These restrictions apply to the fund.

#### Investment restrictions

The property of the fund will be invested with the aim of achieving the investment objective of the fund but subject to the limits on investment set out in the FCA regulations and the fund's investment policy. These limits apply to the fund as summarised below:

Generally the fund will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to official listing in the UK or a member state of the EEA ('member state') or are traded on eligible securities markets, units in collective investment schemes, warrants, money market instruments, deposits and derivatives and forward transactions.

Eligible securities markets are markets established in the UK or EEA/EU Member States on which transferable securities admitted to official listing in these states are dealt in or traded; and markets which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the property of the fund having regard to the relevant criteria in the FCA regulations and guidance from the FCA. Such markets in the UK or an EEA State must operate regularly and be regulated, recognised and open to the public. The eligible securities and derivatives markets for the fund are set out on page 10.

New eligible securities markets may be added to the existing list if the Manager and the Trustee have agreed in writing that the addition is of minimal significance to the investment policy of the fund, or the Manager has, not less than 60 days before the intended change, given notice in writing of the proposed change to the Trustee and unitholders and has revised the Prospectus to reflect the intended change and the date of its commencement.

#### Transferable securities

Up to 10 percent of the value of the fund may be invested in transferable securities which are not approved securities.

The investment policy of the fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to enable shares to be redeemed or for the efficient management of the fund or a purpose which may reasonably be regarded as ancillary to the investment objectives of the fund.

\* Up to 5 percent of the fund may be invested in transferable securities other than Government and public securities and money market instruments issued by any one issuer. However, up to 10 percent in value of the fund may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the value of all such holdings combined does not exceed 40 percent of the value of the property of the fund. Up to 20 percent in value of the property of the fund can consist of transferable securities or money market instruments issued by the same group.

Up to 35 percent of the property of the fund may be invested in Government and public securities issued or guaranteed by any one issuer. Subject to this restriction, there is no limit on the amount of the property of the fund which may be invested in Government and public securities or such securities issued by any one issuer or of any one issue.

Notwithstanding the foregoing and except where the investment policy of the fund is inconsistent with this, up to 100 percent of the property of the fund may be invested in Government and public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of those listed on page 11.

If more than 35 percent in value of the property of the fund is invested in Government and public securities issued by any one issuer, no more than 30 percent in value of the property of the fund may consist of such securities of any one issue and the property of the fund must include at least six different issues whether of that issuer or another issuer.

### **Collective investment schemes**

Up to 100 percent in value of the property of the fund may be invested in units in other schemes, although not more than 20 percent in value of the property of the fund is to consist of the units of any one collective investment scheme. Investment may only be made in another collective investment scheme managed by the Manager or an associate of the Manager subject to COLL 5.2.16. Investment may only be made in other collective investment schemes where the maximum annual management charge (AMC) does not exceed 5 percent.

Up to 30 percent in value of the property of the fund may invest in units in a collective investment scheme which is not a UK UCITS scheme if it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA, or is recognised under the provisions of section 272 of the Act (schemes authorised in designated countries or territories), or is authorised as a non-UCITS retail scheme, or is authorised in an EEA state (provided that certain requirements are met), and the rules relating to investment in other group schemes contained in the FCA regulations, is recognised and is itself a scheme which has terms which prohibit more than 10 percent of its assets consisting of units in collective investment schemes. If the fund is invested in other collective investment schemes managed or operated by the Manager, or an associated of the Manager, then there will not be a charge for AMC in respect of the investment in the second scheme.

### **Warrants and partly paid securities**

Up to 100 percent in value of the property of the fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the regulations.

This may at times make the Net Asset Value of the fund highly volatile.

Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the fund at any time when the payment is required without contravening the FCA regulations.

### **Money market instruments**

Up to 100 percent in value of the property of the fund can consist of money market instruments, provided the money market instrument is listed on or normally dealt on an eligible

market; or is 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 issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by UK or 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 UK or Community law.

Notwithstanding the above, up to 10 percent of the property of the fund may be invested in money market instruments which do not meet these criteria.

### **\*Deposits**

Up to 20 percent in value of the property of the fund can consist of deposits with a single body. The fund may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months. Up to 100 percent in value of the property of the fund can consist of deposits.

Save for transactions constituting hedging, all the property of the fund must be invested principally in transferable securities or collective investment schemes, except that cash or near cash may be held for liquidity purposes or the efficient management of the fund. From time to time the fund may have a higher than usual level of liquidity if the Manager considers that to be in the interests of unitholders.

In applying the limits in \* not more than 20 percent in value of the property is to consist of any combination of two or more of the following: (a) transferable securities or money market instruments issued by; or (b) deposits made with; or (c) exposures from OTC derivatives transactions as appropriate made with; a single body.

### **Use of derivatives**

The Manager may use derivatives for the purposes of hedging.

The Manager may employ hedging where it may reasonably be regarded as economically appropriate for the purposes of the fund, and where one of the aims is to reduce risk or cost arising in the management of the fund, or to generate additional income or capital for the fund provided there is either no risk or an acceptable degree of risk. Use of derivatives should not affect the risk profile of the fund.

The first aim allows the use of derivatives with a view to switching currency exposure away from a currency considered to be unduly prone to risk. The second aim allows for tactical asset allocation. The third aim allows for advantage to be taken from arbitrage or writing covered options.

Transactions that might be contemplated are approved derivatives entered into on or under the rules of an eligible derivatives market, certain off exchange derivatives and currency forwards. The eligible derivatives market referred to for the purpose of the fund is the London International Financial Futures & Options Exchange (LIFFE).

The maximum potential exposure arising as a result of all such transactions must at all times be covered individually and globally by cash or other property as appropriate and sufficient to match the exposure.

### **Concentration**

The fund must not hold more than:

- 10 percent of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
- 10 percent of the debt securities issued by any one issuer; or
- 10 percent of the money market instruments issued by any single body; or
- 25 percent of the units in a collective investment scheme.

The fund may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the fund does not allow it to exercise 20 percent or more of the votes cast at a general meeting of that body and the acquisition will not give the fund such power.

### **General**

Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA regulations, be entered into for the account of the fund.

### **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.

### **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 FCA Regulations to obtain the best possible result for the Manager.

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.

## Eligible securities markets

The eligible securities markets in which the property of the fund may be invested are:

		<b>Spenser Fund</b>
	Any market established in the UK or an EU or EEA country on which transferable securities admitted to the official list in that country are dealt in or traded.	✓
<b>Australia</b>	The Australian Stock Exchange	✓
<b>Brazil</b>	The Sao Paulo Stock Exchange/BOVESPA	✓
<b>Canada</b>	The TSX Venture Exchange	✓
	The Montreal Stock Exchange	✓
<b>Hong Kong</b>	The Hong Kong Exchange	✓
<b>Japan</b>	The Nagoya Stock Exchange	✓
	The Osaka Stock Exchange	✓
	The Sapporo Stock Exchange	✓
	The Tokyo Stock Exchange	✓
<b>Mexico</b>	The Mexican Stock Exchange	✓
<b>New Zealand</b>	The New Zealand Stock Exchange	✓
<b>Philippines</b>	The Philippine Stock Exchange	✓
<b>Singapore</b>	The Singapore Exchange	✓
<b>South Africa</b>	The Johannesburg Stock Exchange	✓
<b>South Korea</b>	The Korea Stock Exchange Incorporated	✓
<b>Switzerland</b>	The Swiss Stock Exchange SWX	✓
<b>Taiwan</b>	The Taiwan Stock Exchange Corp. TSEC	✓
<b>Thailand</b>	The Stock Exchange of Thailand SET	✓
		✓
<b>United Kingdom</b>	The Alternative Investment Market AIM	✓
	The London Stock Exchange	✓
<b>USA</b>	The American Stock Exchange	✓
	The NASDAQ Stock Market	✓
	The New York Stock Exchange	✓
	NYSE Arca	✓
	The Philadelphia Stock Exchange	✓



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## Government and public securities

The Government of any of the following countries:

Australia  
Canada  
Japan  
New Zealand  
Norway  
Switzerland  
United States of America

The Government of the United Kingdom and any of the following current EEA member states:

Austria  
Belgium  
Bulgaria  
Cyprus  
Czech Republic  
Denmark  
Estonia  
Finland  
France  
Germany  
Greece  
Hungary  
Italy  
Latvia  
Lithuania  
Luxembourg  
Malta  
Poland  
Portugal  
Republic of Ireland  
Romania  
Slovakia  
Slovenia  
Spain  
Sweden  
The Netherlands

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## Use of derivatives

**The Manager may use derivatives for the purposes of efficient portfolio management (as defined in the FCA rules) and which includes hedging. Derivatives will also be used for investment purposes. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.**

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## Characteristics of units in the funds

The nature of the right represented by the units is that of a beneficial interest under a trust.

Holders of units are entitled to participate in the property of the fund and the net income arising from it in proportion to their share of ownership of the property of the fund represented by their units.

The fund can issue income units where the income is distributed to unitholders and accumulation units in respect of which the relevant proportion of the income is accumulated within the property of the fund for the benefit of those holders of such units. All units are priced in sterling and neither type of unit has a nominal value.

The fund issues income units and the net income of the fund attributable to income units is distributed twice yearly to holders of such units. The Trust Deed of the Spenser Fund also permits the issue of other classes of units, including accumulation units, although at present, income units only are in issue.

The names and addresses of unitholders will be entered in the register. The unit register is the sole evidence of title.

### Dematerialisation

The Manager does not issue unit certificates. When units are sold back to the Manager a Form of Renunciation will be sent to you with your repurchase contract note. Unless clear written instructions signed by all registered holders have been received by us, the Form of Renunciation will need to be signed by all registered holders and returned to our administration office.

### Unclaimed distributions

Any distributions unclaimed after a period of six years will be transferred into the fund property by the Trustees for the benefit of all unitholders in the fund.

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

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## Borrowing

The AUT may, subject to the FCA regulations, borrow money from an eligible institution or an approved bank for the use of the fund on the terms that the borrowing is to be repayable out of the property. Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.

The Manager must ensure that borrowing does not, on any business day, exceed 10 percent of the value of the property.

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

The fund may borrow foreign currency for the purpose of hedging against fluctuations in the price of investments comprising the property of the fund, or in interest or currency exchange rates, provided that a sum in pounds sterling at least equivalent to the amount of currency borrowed is placed and kept on deposit by the fund with the lender or its agents, or any other person designated by the lender for that purpose.

Borrowings may be made from, and deposits made with, the Trustee or any of its associates, provided they are bankers and any such borrowings and deposits are on normal commercial terms. There is no liability on such bankers to account to the Manager or to unitholders for any profit they may derive therefrom.

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## Winding up the fund

The fund may be terminated if an order declaring the fund to be an authorised unit trust scheme is revoked, or the Financial Conduct Authority determines to revoke the order at the request of the Trustee or the Manager.

In the case of a reconstruction or an amalgamation of the fund with another body or trust, on the passing of an extraordinary resolution of holders of units approving the amalgamation, the Trustee shall wind up the fund in accordance with that resolution.

On the termination of the fund in any other case, the Trustee shall sell all the investments, and out of the proceeds of sale shall settle the fund’s liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to unitholders and the Manager proportionally to their respective interests in the fund. Any unclaimed proceeds or cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by it in making such payment into court.

On completion of the winding-up the Trustee must notify the FCA and the Manager or the Trustee must request the FCA to revoke the relevant authorisation order.

## Accounting dates, distributions and reports

The interim accounting and record date for the interim income distribution or allocation and the annual accounting and record date for the final distribution or allocation are set out below.

The first income distribution with respect to units purchased between record dates (group 2 units) will be paid together with an amount of equalisation. Such units contain in their purchase price an amount called equalisation which represents a proportion of the net income of the fund already accrued to the date of the purchase. Except in the case of accumulation units this is returned to holders of group 2 units with their first income distribution but for tax purposes is treated as a return of capital.

Grouping for equalisation is permitted by the Trust Deed, which means that the amount returned may be ascertained per unit as the aggregate of all equalisation amounts divided by the number of group 2 units in issue at the record date for the distribution or allocation. The interim distribution may be restricted by the Manager to regulate the payment of income during the accounting year. All available income will be distributed at the final distribution date. Distributions are made by bank transfer (BACS) direct to the unitholders designated account.

Half yearly and annual managers reports will be published on the distribution/allocation dates shown below. The annual and interim reports will be available upon request.

	Accounting and record dates		Income distribution/allocation	
	Interim	Annual	Interim	Annual
Spenser Fund	30 September	31 March	30 November	31 May

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## Meetings and voting rights

A meeting of unitholders duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the regulations and in particular to approve any modification, alteration or addition to the provisions of the Trust Deed which has been agreed by the Trustee and the Manager, or to remove the Manager or to approve any arrangement for the reconstruction or amalgamation of the fund, or to approve a departure by the Manager from a policy or set of investment objectives a statement of which has been included in these or any revised Prospectus.

Unitholders will receive at least 14 days' notice of a unitholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two unitholders, present in person or by proxy. The quorum for an meeting is also two unitholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of meetings and adjourned meetings will be sent to unitholders at their registered addresses. Votes are given by a show of hands unless a poll is demanded by the Chairman, by the Trustee or by at least two unitholders present in person or by proxy and holding or representing one twentieth in value of all the units for the time being in issue.

On a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its proxy 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 fund and a further part of one vote proportionate to any fraction of such undivided share of which he is the holder and 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.

In the case of joint unitholders, the vote of the senior unitholder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint unitholders and for this purpose seniority shall be determined by the order in which the names stand in the register of unitholders. The Manager is not entitled to vote on units registered in his name unless they are held on behalf of beneficial owners and in respect of which he has received voting instructions. Where every unitholder is prohibited under COLL 4.4.8R (4) from voting, a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of unitholders representing three quarter in value of all the units for the time being in issue.

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## Valuation of the fund and unit pricing

The property of the fund will be valued on a single price basis every business Tuesday at 12 midday for the purpose of determining prices at which units in the fund may be issued or redeemed.

The fund will also be valued at midday on the last business day of June, September, December and each 5 April, or the last business day prior to 5 April.

Additional valuations may be made on other days or at other times with the Trustee's approval.

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## Changes to the funds under the regulations

Changes to the fund's operation would fall within one of the following three categories. The categories are:

- (i) Fundamental events which change the nature of the fund or the basis on which the investor invested. For example changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval.
- (ii) Significant events which would materially affect an investor's investment, result in increased payments out of the fund, or could reasonably be expected to cause investors to reconsider their participation in the fund. Those should be notified pre-event to investors and in sufficient time to enable them to leave the fund, if the wish, before the change takes effect. 60 days minimum notice is required for these changes.
- (iii) Notifiable events for which the Manager would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event.

## Buying and selling of units in the fund

At present units are dealt in on a forward price basis which means that transactions will be effected at prices determined by the next following valuation. The Manager has discretion to vary the pricing basis of units subject to the regulations. The Manager is available to receive requests at the order desk for the buying and selling of units on normal business days between 9.00am and 5.00pm. In respect of telephoned orders, remittances should be sent on receipt of the contract note.

Completed application forms for units (obtainable from the Manager or the website) should be sent to the Manager. Contract notes confirming transactions will be issued by the close of business on the next business day after the dealing date.

The minimum initial investment (which may be varied by the Manager with the approval of the Trustee), the minimum additional investment and the minimum holding in the fund is set out in the next table. In the case of the reinvestment of distributions, however, there is no minimum. Any number of units may be subscribed, sold or transferred so long as the transaction complies with applicable minimums.

	<b>Minimum initial lump sum investment</b>	<b>Minimum additional lump sum investment</b>	<b>Minimum holding</b>	<b>Savings plan</b>
Spenser Fund	£50,000	£10,000	£50,000	n/a

Once units are paid for these details will be entered on the unit register. The unit trust register is the sole evidence of title.

Units can be sold by telephone, fax or letter followed by despatch to the Manager of the authorisation to sell duly completed by all unitholders.

A Form of Renunciation will be sent out together with the repurchase contract note. This will need to be signed by all registered holders, and returned to our Manager before settlement can be made. Settlement will be made on whichever is the later of four business days after the dealing date or receipt of the Form of Renunciation.

The Manager's policy is to pay the proceeds of settlement for redemption or cancellation of units, regardless of size, by cash only and not by in specie transfer. In respect of re-registration, Stock Transfer forms are accepted for unit trust transfers. The issue and redemption of units will not take place if dealing in the units is suspended by operation of law or any statute for the time being in place.

If it comes to the notice of the Manager that any units ("affected units") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the unitholder or unitholders in question is/are not qualified and entitled to hold such units or if it reasonably believes this to be the case, the Manager may give notice to the holder(s) of the affected units requiring either transfer of such units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such units in accordance with the regulations. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected units to a person qualified to hold them or establish to the satisfaction of the manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the affected shares pursuant to the regulations.

The Manager may with the prior agreement of the Trustee, or shall, if the Trustee so requires, suspend the redemption of units at any time for a period not exceeding 28 days if the Manager or Trustee consider that there is good and sufficient reason to do so having regard to the interests of unitholders. Notice of

the suspension of redemption must be given to the Financial Conduct Authority stating the reasons for the suspension. The re-calculation of the unit price will commence at 12 midday on the day on which the property of the relevant fund is next valued. These funds are marketable to all retail investors.

The most recent prices of units are available on the Investment Association's website at [trustnet.com](http://trustnet.com). Investors can also obtain prices by calling the Manager on 0141 222 1150. The prices shown will be those calculated at the previous valuation point.

The units in the fund are not listed or dealt in on any investment exchange.

The total consideration payable to constitute a 'large deal' within the meaning of the regulations is an amount of £50,000 or more.

The Manager will not arrange the cancellation of units in specie except at its sole discretion.

#### 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.

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 Shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

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

#### Dilution Adjustment

The basis on which the fund's investments are valued for the purpose of calculating the issue and redemption price of units as stipulated in the FCA regulations is summarised later in Appendix 1. The actual cost of purchasing or selling the fund's investments may be higher or lower than the mid-market value used in calculating the unit price — for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on unitholders' interest in the fund, this is known as "dilution".

Therefore, once the single price of a unit has been determined (in accordance with Appendix 1), the Manager has the power

to charge a "dilution adjustment" on the sale and/or redemption of units in order to prevent this effect ("dilution"), but does not at present intend to do so. This is known as "swinging single pricing" i.e. the price swings in response to particular circumstances to mitigate the effects of dilution.

When there are net inflows to the fund, a dilution adjustment increases the price (price swings up) and when there are net outflows from the fund, the dilution adjustment reduces the price (price swings down). This is to reflect the true cost of purchasing or selling units in the fund. These costs are estimated and can vary over time dependent on prevailing dealing spreads and market transaction costs and as a result the dilution adjustment will also vary over time.

Any dilution adjustment is imposed for the protection of existing unitholders to prevent inflows and outflows adversely affecting their interests through the costs referred to above. Neither the Manager nor any introducing agent in any way benefits from the imposition of a dilution adjustment.

The Manager's policy is to make a dilution adjustment when it believes that it is in the interests of unitholders to do so. For example:

- when a fund is typically expanding the Manager may operate a dilution adjustment on a semi-permanent basis to reflect the trend of net inflows to that fund. The effect is that the price will swing up. However, in the event of a large outflow on a particular day, the price will swing down;
- when a fund is typically contracting the Manager may operate a dilution adjustment on a semi-permanent basis to reflect the trend of net outflows from the Sub-Fund. The effect is that the price will swing down. However, in the event of a large inflow on a particular day, the price will swing up; and
- due to the nature of investments held within a fund the Manager reserves the right to impose a higher dilution adjustment on any day on which net flows are larger than 3% of the Net Asset Value. The higher dilution adjustment is imposed to reflect the higher trading costs which may be suffered if there are significant cash flows into or out of the fund.

Notwithstanding the above, the Manager reserves the right to impose or amend a dilution adjustment where the Manager is of the opinion that it is in the interests of the unitholders to do so. Where the Manager elects not to apply a Dilution Adjustment this may have an adverse affect on the total assets of the fund as a result of net subscriptions or redemptions.

It is not possible to predict accurately how frequently the Manager will need to make such a dilution adjustment in respect of a particular fund, as this is dependent on inflows to or outflows from that fund.

The Manager may alter its dilution policy either by unitholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of unitholders and by amending this Prospectus or by giving unitholder's notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

The rates of the dilution adjustment at the time of this Prospectus are:

<b>Fund</b>	<b>For sales (creation)</b>	<b>For redemptions (liquidation)</b>
Spenser Fund	0.18%	0.06%

## Expenses of the fund

The Manager currently receives an annual remuneration for managing the property of the fund at the rate set out below and payable monthly out of the income property of the fund. Subject to at least 60 days notice, the Manager may increase this charge.

The charge is based upon the valuation of the first dealing date of each month and is payable in arrears.

The Manager reserves the right to take a percentage of the total annual fee from capital with the agreement of the Trustee.

	<b>Annual remuneration (subject to any applicable VAT)</b>
Spenser Fund	0.80%

The Trustee will receive remuneration (plus VAT thereon) out of the property of the fund for its services as a Trustee. This remuneration is calculated on the basis of an annual percentage of the value of the property of the fund and is calculated and paid in the same manner as stated for the Manager's annual charge.

The current remuneration is based on the valuation for the first dealing date of the month. The rate of the periodic fee is agreed between the Manager and the Trustee and is always subject to a minimum of £7,500 per annum plus VAT. The current rate is 0.0275% per annum plus VAT on scheme property below £50 million, then 0.025% per annum plus VAT on scheme property between £50 million and £100 million; then 0.02% per annum plus VAT on scheme property above £100 million.

VAT is to be added to these fees at the standard rate (currently 20%).

In addition to the periodic fee referred to above, the Depositary 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 £5.00 and £472.00 per transaction
Safe Custody Charges	<p>Between 0.003% and 0.50%* of the value of investments being held per annum</p> <p>*With the exception of:</p> <ul style="list-style-type: none"> <li>• USA (Physical Securities) - £14 per line per calendar month.</li> <li>• Not in Bank / Not in Custody</li> </ul>

	Assets - £65 per line per calendar month.
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The Manager is not entitled to receive a periodic charge during a winding-up of the fund, but the Trustee is so entitled and during a winding-up, its charge will be calculated as if the regulations for valuation of the fund still applied.

The following other expenses may be paid out of the property of the fund:



- 1 Brokers' commission, (where such payment may be made in accordance with the FCA Rules), fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 2 Any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of unitholders convened for purposes which include modifying the Trust Deed, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of unitholders, or to remove obsolete provisions from the Trust Deed;
- 3 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;
- 4 Liabilities on unitisation, amalgamation or reconstruction;
- 5 Interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 6 Taxation and duties payable in respect of the property of the fund, the Trust Deed or the issue of units;
- 7 The audit fees of the Auditor (including VAT) and any relevant expenses of the Auditor;
- 8 The periodic fees of the Financial Conduct Authority (zero rated for VAT) under Schedule 1 part III of the Financial Services Markets Act 2000, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the fund are or may be marketed;
- 9 The Trustee will also be reimbursed out of the property of the fund for expenses incurred in performing the following duties:
  - Delivery of stock to the Trustee or Custodian;
  - Custody of assets;
  - Registration;
  - The current annual fee of £14.41 per annum per unit holder, for the maintenance of the register and any plan sub-register;
  - Collection of income and capital;
  - Submission of tax returns;
  - Handling tax claims;
  - Preparation of the Trustee's annual report; and
  - Such other duties as the Trustee is required by law to perform.

The Manager's annual charge, the Trustee's remuneration, and audit fees accrue daily and are reflected in the unit price calculation.

It is the Manager's policy not to enter into any soft commission arrangements with its brokers for the supply of goods and services, in return for an agreed volume of business.

In accordance with the FCA Rules, the Manager, when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the funds, must not accept and retain any fees, commission or monetary benefits from a third party ('Third Party Payments'). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to the relevant fund as soon as reasonable possible and will inform unit holders of the amount received which will be set out in the annual reports.

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the funds, except those which are capable of enhancing the quality of the service provided to the funds, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the funds.

The Manager conducts its own research and/or uses third party providers of research. The Manager will pay for this research out of its own resources.

## Taxation of the fund

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### (i) Income

The fund is liable to Corporation Tax on its income, other than dividends from UK companies, less its expenses of management. Where overseas tax (withholding tax) has been deducted from overseas income that tax can, in some instances, be set off against Corporation Tax paid by the fund, by way of double tax relief. Liability to withholding tax is accrued daily in the income in the unit price. Refunds of withholding tax are included on a received basis. Dividend distributions made, or treated as made, by the Trust to unitholders are not subject to UK withholding tax.

### (ii) Capital gains

The fund is exempt from taxation on capital

### gains. (iii) Stamp Duty Reserve Tax (SDRT)

With effect from 30 March 2014 SDRT is not chargeable on the surrender of units to the fund.

Unitholders are generally liable to SDRT at 0.5 percent on acquiring units from a third party (that is, where the transaction is not handled by the fund) and in cases where they redeem units in consideration of a transfer of assets of the fund other than cash (an in specie redemption) and that consideration is on-pro rata (not in proportion to the total assets of the fund).

## Taxation of the unitholders

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The following notes are provided primarily for guidance only and unitholders should always consult their own advisers as the bases and rates of taxation may vary.

### (i) Income

Dividend income whether paid or reinvested is treated as the 'top slice' of an individual's income.

Dividend distributions carry a tax credit of 10 percent.

For UK resident individual unitholders subject to lower and basic rate tax, the tax credit is deemed to cover the liability and no further tax is payable. Non-taxpayers cannot recover the tax credit. Higher rate tax payers liable to Income Tax at 40 percent on other income have a liability to pay tax at 32.5 percent on gross dividend distributions.

Thus a higher rate unitholder who receives a dividend from the fund of £90 (gross equivalent £100) will have an Income Tax liability of £32.50 of which £10 will be treated as having been discharged by the tax credit leaving the unitholder with a liability of £22.50 still to pay.

### (ii) Gross interest payments

From April 2001, corporates have been entitled to receive their interest gross. Likewise bond fund unitholders are now entitled to receive their interest gross if the recipient can show evidence that they are within the charge of Corporation Tax.

There is no obligation for the unit trust Manager to pay gross interest without such evidence or to seek evidence from unitholders.

### (iii) Capital gains

Gains made by unitholders from the proceeds of the sale of all investments will be tax free if they fall within an individual's annual exemption (£11,100 in the 2015/2016 tax year) after deduction of allowable losses and any tax relief.

### (iv) Other payments

Equalisation is allocated without deduction of tax and is not subject to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Proceeds on the redemption of units are paid without deduction of tax.

## Other information

Facilities are available to unitholders for the automatic reinvestment of their net distributions. Unitholders wishing to make such arrangements should write confirming their instructions to the Manager.

Unitholders who have any queries or complaints about the operation of the fund should address them in the first instance to the Compliance Officer, Evelyn Partners Fund Solutions Limited, 45 Gresham Street, London, EC2V 7BG. Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Manager. If you have occasion to complain, and in the unlikely event that you do not receive a satisfactory response, you may direct your complaint to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, Isle of Dogs, London E14 9SR, telephone number 0800 023 4567.

Unit trusts should be regarded as longer-term investments and investors should be aware that the value of their units and the income from them can go down as well as up and investors may not receive back the full amount invested.

Units in the fund are not marketed outside the United Kingdom.

The Manager, in accordance with the FCA Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Rules. The Manager may keep records of all business transactions for at least five years.

### Risk management

Upon request to the Manager, a unitholder can receive information relating to the quantitative limits applying in the risk management of the fund, the methods used in relation to these limits, and any recent developments of the risk and yields of the main categories of investment.

Unitholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Unitholders who do not wish to receive such details should write to the Manager requesting their removal from any mailing list.

If you do not wish to receive information on other products and services offered by Evelyn Partners Fund Solutions Limited, please write to us at the following address: Data Protection Officer, Evelyn Partners Fund Solutions Limited, 45 Gresham Street, London, EC2V 7BG.

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## Other funds

List of authorised funds where Evelyn Partners Fund Solutions Limited acts as the authorised fund manager or the Authorised Corporate Director: please refer to **Appendix 2**.

# Appendix 1

## Valuation and pricing

The value of the scheme property of the fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

All the scheme property (including receivables) of the fund is to be included, subject to the following provisions.

- 1 Scheme property which is not cash (or other assets dealt with below) or a contingent liability transaction shall be valued as follows:
  - 1.1 Units or shares in a collective investment scheme:
    - 1.1.1 if a single price for buying and selling units is quoted, at the most recent such price; or
    - 1.1.2 if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - 1.1.3 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;
  - 1.2 Any other transferable security:
    - 1.2.1 if a single price for buying and selling the security is quoted, at that price; or
    - 1.2.2 if separate buying and selling prices are quoted, the average of those two prices; or
    - 1.2.3 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 reflects a fair and reasonable price for that investment;
  - 1.3 Property other than that described in paragraphs 1.1 and 1.2 above:
    - 1.3.1 at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
- 2 Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 3 Currencies or values in currencies other than sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of unitholders or potential unitholders.
- 4 Property which is a contingent liability transaction shall be treated as follows:
  - 4.1 if it is a written option (and the premium for writing the option has become part of the scheme property), the amount of the net valuation of premium receivable shall be deducted;
  - 4.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
  - 4.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the Manager and Trustee;
  - 4.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 5 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 6 Agreements for the unconditional sale or purchase of property which are in existence but uncompleted will generally 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.
- 7 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 the preceding paragraph.
- 8 All agreements will be included in the calculation of Net Asset Value which are, or ought reasonably to have been, known to the person valuing the property.
- 9 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, Stamp Duty, Stamp Duty Reserve Tax, Advance Corporation Tax and Value Added Tax will be deducted.
- 10 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 will be deducted.
- 11 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 12 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 13 Any other credits or amounts due to be paid into the scheme property will be added.
- 14 A sum representing any interest or any income accrued due or deemed to have accrued but not received and any Stamp Duty Reserve Tax provision anticipated to be received will be added.



## Appendix 2

### 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 Eagle Fund Evelyn Witch General Trust Langham Trust Magnum Trust Marathon Trust Orchard Fund Ourax Unit Trust Spenser Fund SVS DW Asia Income & Growth Fund SVS Dowgate Wealth UK New Economies Fund SVS Sanlam European Equity Fund SVS Sanlam Fixed Interest Fund SVS Sanlam North American Equity Fund The Acorn Trust The Alkerton Trust The Barro II Trust The Capital Balanced Fund The Dream Trust The Enterprise Trust The Global Opportunities Fund The Ilex Fund The Jetwave Trust The Lancaster Trust The Millennium Fund The Plain Andrews Unit Trust The Securities Fund Worldwide Growth Trust	Bute Fund Earlstone Fund Evelyn Partners Funds Evelyn Partners Investment Funds ICVC Forest Fund ICVC Ganymede Fund GFS Investments Fund Glaimrox Fund Gryphon Investment Funds Hercules Managed Funds Issodola Fund JC Investments Fund Kanthaka Fund Moorgate Funds ICVC New Square Investment Funds Pendennis Fund ICVC Pharaoh Fund Pityoulish Investments Fund Quercus Fund Sardasca Fund Sherwood Fund Smithfield Funds Starhunter Investments Fund Stratford Place Fund Sussex Fund SVS AllianceBernstein UK OEIC SVS Aubrey Capital Management Investment Funds 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 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

	<p>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 Princesdale 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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