

**PROSPECTUS**

**OF**

**THE NORTON FUND**

**(An open-ended investment company incorporated with limited liability and  
registered in England and Wales under registered number IC205)**

**A UK UCITS Scheme with FCA Product Reference Number: 407791**

**Valid as at 24 January 2025**

**Prospectus  
Of  
The Norton Fund**

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

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

This Prospectus is dated, and is valid as at 24 January 2025.

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

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

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

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

The Depositary 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.

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

## Disclaimer

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

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

The shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to US Persons. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been registered under the United States Investment Advisers Act of 1940.

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

The provisions of the Instrument of Incorporation are binding on each of the shareholders a summary of which are included in this Prospectus and a copy of the Instrument of Incorporation is available on request.

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

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

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

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## DEFINITIONS

<b>“ACD”</b>	Evelyn Partners Fund Solutions Limited, the authorised corporate director of the Company;
<b>“ACD Agreement”</b>	An agreement between the Company and the ACD;
<b>“Approved Bank”</b>	(In relation to a bank account opened by the Company):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  (i) a bank in (a); or (ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank;
<b>“Auditor”</b>	Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>“Business Day”</b>	A day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company’s portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such;
<b>“Class” or “Classes”</b>	In relation to shares, means (according to the context) all of the shares related to the Company or a particular class or classes of share related to the Company;

<b>“Client Money”</b>	Client money means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified;
<b>“COLL”</b>	Refers to the appropriate chapter or rule in the COLL Sourcebook;
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
<b>“Company”</b>	The Norton Fund, a UK authorised open-ended investment company with variable capital;
<b>“Dealing Day”</b>	Each Wednesday which is a business day, or any other Business Day at the ACD’s discretion, agreed with the Depositary;
<b>“Depositary”</b>	NatWest Trustee & Depositary Services Limited;
<b>“Director” or “Directors”</b>	The directors of the Company from time to time (including the ACD);
<b>“EEA State”</b>	A member state of the European Union and any other state which is within the European Economic Area;
<b>“Eligible Institution”</b>	One of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
<b>“EMT”</b>	European MiFID Template;
<b>“EUWA”</b>	means the European Union (Withdrawal) Act 2018;
<b>“FCA”</b>	The Financial Conduct Authority or such successor regulator authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;
<b>“FCA Regulations”</b>	The rules contained in the Collective Investment Schemes Sourcebook (COLL) as part of the FCA Rules as they may be amended or updated from time to time;
<b>“FCA Rules”</b>	The FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);

**“the FCA Register”**

The public record, as required by section 347 of the Financial Services and Markets Act 2000 as amended (The public record) of every:

- (a) authorised person;
- (b) AUT;
- (c) ICVC;
- (d) recognised scheme;
- (e) recognised investment exchange;
- (f) recognised clearing house;
- (g) individual to whom a prohibition order relates;
- (h) approved person; and
- (i) person within such other class (if any) as the FCA may determine; except as provided by any transitional provisions;

**“Home State”**

- (a) (In relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive
- (b) (In relation to an investment firm):
  - (i) where the investment firm is a natural person, the EEA State in which his head office is situated;
  - (ii) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated
- (c) (In relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated
- (d) (In relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body’s head office is situated
- (e) (In relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights);

**“ICVC”**

Investment company with variable capital;

**“Instrument of Incorporation”**

The instrument of incorporation of the Company as amended from time to time;



<b>“Investment Managers”</b>	Schroder & Co Limited the investment manager to the ACD in respect of the Company and together “Investment Manager”;
<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>“Net Asset Value” or “NAV”</b>	The value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Company’s Instrument of Incorporation;
<b>“OEIC Regulations”</b>	The Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
<b>“Register”</b>	The register of shareholders of the Company;
<b>“Registrar”</b>	Evelyn Partners Fund Solutions Limited, or such other entity as is appointed to act as Registrar to the Company from time to time;
<b>“Regulated Activities Order”</b>	The Financial Services and Markets Act 2000 as amended (Regulated Activities) Order 2001 (SI 2001/544);
<b>“Regulations”</b>	The OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
<b>“Scheme Property”</b>	The scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary;
<b>“SDRT”</b>	Stamp duty reserve tax;
<b>“Share” or “Shares”</b>	A share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one hundredth of a larger denomination share);
<b>“Shareholder”</b>	A holder of registered Shares in the Company;
<b>“Switch”</b>	The exchange where permissible of Shares of one class for shares of another class;
<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;

**“UK UCITS scheme”**

means 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;

**“Valuation Point”**

The point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which shares of a class may be issued, cancelled or redeemed. The current Valuation Point is 5.00 p.m. London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;

**“VAT”**

Value added tax;

## **1 DETAILS OF THE COMPANY**

### **1.1 General Information**

#### **1.1.1 General**

The Norton Fund (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC205 and authorised by the Financial Conduct Authority with effect from 22 November 2002. The Company has an unlimited duration.

FCA Product Reference Number 407791

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

Shareholders are not liable for the debts of the Company.

The ACD is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix 5.

#### **1.1.2 Head Office**

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

#### **1.1.3 Address for Service**

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

#### **1.1.4 Base Currency**

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

#### **1.1.5 Share Capital**

Maximum £100,000,000,000

Minimum £100

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

Information on the typical investor profile for the Fund is set out in Appendix 4.

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

The Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Company may harm performance by disrupting portfolio management strategies

and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Company. For these purposes, the ACD may consider an investor's trading history in the Company or other Evelyn Partners Fund Solutions Limited funds and accounts under common ownership or control.

## **1.2 The Structure of the Company**

### **1.2.1 The Company**

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

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

Details of the Company including its investment objective and policy are set out in Appendix 1.

The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Appendix 2. A detailed statement of the general investment and borrowing restrictions in respect of the Company is set out in Appendix 3.

### **1.2.2 Shares**

Classes of Share within the Company

Shares will be issued in larger and smaller denominations. There are 100 smaller denomination shares to each larger denomination share. Smaller denomination shares represent what, in other terms, might be called fractions of a larger share and have proportionate rights.

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

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

The base currency for each new class of shares will be determined at the date of creation and set out in the Prospectus issued in respect of the new class of shares.

The Company may issue income and accumulation shares but currently only income shares are in issue. Further details of the shares presently available, including details of their criteria for subscription and fee structure, are set out in Appendix 1.

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

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

The Instrument of Incorporation allows gross income and gross accumulation shares to be issued, as well as net income and net accumulation shares, but currently none are in issue. Net shares are shares in respect of which income allocated to them is distributed periodically to the relevant shareholders (in the case of income shares) or credited periodically to capital (in the case of accumulation shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross shares are income or accumulation shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net shares unless otherwise stated.

Each class of share may attract different charges and so monies may be deducted from the Scheme Property attributable to such classes in unequal proportions. In these circumstances, the proportionate interests of the classes will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to convert all or part of their shares in a class for shares of another class within the Company. Details of this conversion facility and the restrictions are set out in paragraph 3.5 “Share Class Conversions”

## **2 CLIENT MONEY**

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

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

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

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

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

## **3 BUYING, REDEEMING AND SWITCHING SHARES**

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

The ACD may from time to time make arrangements to allow shares to be bought on-line or through other communication media, but the ACD has no current plans to do so.

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in shares in the future.

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

### **3.1 Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue shares, pay the proceeds of a redemption of shares, or pay income on shares to the investor. In the case of a purchase of shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

### **3.2 Buying Shares**

#### **3.2.1 Procedure**

Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the ACD's Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER, either

- (a) accompanied by a cheque (up to a maximum value of £50,000) or
- (b) having made a telegraphic transfer to the ACD's bank account.

Application forms are available from the ACD. The ACD will accept written instructions accompanied by payment for subsequent transactions which can be carried out by writing to the ACD's Transfer Agency team at the Correspondence Address set out in Appendix 7. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 222 1150. The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their

duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

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 ACDs discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

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

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

The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email.

For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of shares may be made by telegraphic transfer.

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

Any subscription monies remaining after a whole number of shares have been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued. A smaller denomination share is equivalent to one hundredth of a larger denomination share.

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

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

contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

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

A contract note giving details of the shares purchased and the price used will be issued to the shareholder (the first named, in the even of joint holders) by the end of the next Business Day following the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

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

Settlement is due within 4 business days of the Valuation Point. An order for the purchase of shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any shares issued in respect of the application.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on shares will show the number of shares held by the recipient.

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

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each class of share are set out in Appendix 1.

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

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

### **3.2.4 In Specie Issue**

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

## **3.3 Redeeming Shares**



### 3.3.1 Procedure

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

Valid instructions to the ACD to redeem shares will be processed at the share price calculated, based on the Net Asset Value per share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in the Company has been suspended as set out in paragraph 3.7.2.

Requests to redeem shares may be made to the ACD by telephone on 0141 222 1150 or in writing to the ACD's Transfer Agency team at the address set out in Appendix 7. Requests will not be accepted by electronic communication nor is it possible to transfer shares on the authority of an electronic communication.

The ACD may accept requests to sell or transfer Shares by electronic communication. Electronic communication does not include email.

A redemption instruction in respect of shares in writing or by telephone is a legally binding contract. However, an instruction to the ACD to redeem shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents shares where the money due on the earlier purchase of those shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

For details of dealing charges see paragraph 3.6 below.

### 3.3.2 Documents a Redeeming Shareholder Will Receive

A contract note giving details of the number and price of shares redeemed will be sent to the redeeming shareholder (or the first named shareholder, in the case of joint shareholders) or their duly authorised agents together with a form of renunciation for completion and execution by the shareholder (or, in the case of a joint holding, by all the joint shareholders) not later than the end of the next Business Day following the later of the request to redeem shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will be made by BACS, telegraphic transfer or CHAPS to the first named shareholder (at their risk), (the ACD may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four business days of the later of

- (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders

together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and

(b) the Valuation Point following receipt by the ACD of the request to redeem.

### **3.3.3 Minimum Redemption**

Part of a shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the shares to be redeemed is less than the minimum stated in respect of the appropriate class in question (see Appendix 1).

### **3.3.4 In Specie Redemption**

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

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

The ACD will select the property to be transferred (or sold) in consultation with the Depositary and the Investment Manager. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of shares.

### **3.3.5 Direct Issue or Cancellation of shares by an ICVC through the ACD**

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

## **3.4 Switching**

If applicable, a holder of shares may at any time switch all or some of his shares of one fund ("Old Shares") for shares of another fund ("New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

Switching may be effected either by telephone on 0141 222 1150 or writing to the ACD and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). Telephone calls may be recorded by the ACD, its delegates, their duly appointed

agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

The ACD may at its discretion make a charge on the switching of shares between funds. Any such charge on switching does not constitute a separate charge payable by a shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.6.3 “Charges on Switching”.

If a partial switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Old Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day.

The ACD may adjust the number of New Shares 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 Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

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

### **3.5 Share Class Conversions**

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

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

Share Class Conversions may be effected in writing to the Transfer Agency Team. The ACD may, at its discretion and by prior agreement, accept conversion

instructions by telephone from FCA regulated entities only. A converting shareholder must be eligible to hold the shares into which the Share Class Conversion is to be made. It is the ACD's intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may accept requests to convert Shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

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

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

A shareholder who converts their shares in one share class to shares in a different share class in the same fund will not be given a right by law to withdraw from or cancel the transaction.

### **3.6 Dealing Charges**

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

#### **3.6.1 Initial Charge**

The ACD may impose a charge on the purchase of shares in each class. The current initial charge is calculated as a percentage of the amount invested by a potential shareholder and is set out in Appendix 1. The ACD may waive or discount the initial charge at its discretion.

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

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

#### **3.6.2 Redemption Charge**

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

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

### **3.6.3 Charges on Switching**

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

### **3.6.4 Dilution Levy**

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

The need to charge a dilution levy will depend on the volume of sales and redemptions. The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the Scheme Property is in continual decline; when the Company is experiencing large levels of net sales relative to its size; on "large deals" (being purchase or sale of shares to a size exceeding 5% of NAV) in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy. It is not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such a levy would be 0.02% on sales (creation) and 0.02% on redemptions (liquidation).

If the ACD decides in the future to charge a dilution levy, it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commissions and transfer taxes.

The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

## **3.7 Transfers**

Shareholders are entitled to transfer their shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

### 3.7.1 Restrictions and Compulsory Transfer and Redemption

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

If it comes to the notice of the ACD that any shares (“affected shares”):

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

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

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

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

### 3.7.2 Suspension of Dealings in the Company

The ACD may, with the agreement of the Depositary, or must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of shares in the Company, if the ACD or the Depositary is of the

opinion that due to exceptional circumstances it is in the interests of all the shareholders. The suspension will only be permitted to continue for as long as is justified having regard to the interests of shareholders. The ACD and the Depositary 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 ACD will notify all shareholders of the suspension as soon as practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving shareholders details of how to find further information about the suspension.

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

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

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

### **3.7.3 Governing Law**

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

## **4 VALUATION OF THE COMPANY**

### **4.1 General**

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

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

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

A request for dealing in shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing

request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per share calculated as at the Valuation Point on that next Dealing Day.

## 4.2 Calculation of the Net Asset Value

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

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

4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.3 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 redeeming units or shares is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

(b) Any other transferable security:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or, if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.3 Scheme Property other than that described in paragraphs 4.2.2(a) and 4.2.2(b) above, at a value which, in the opinion of the ACD, is fair and reasonable;

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



- 4.2.5 Scheme Property which is a contingent liability transaction shall be treated as follows:
- (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - (b) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - (c) if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.6 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.
- 4.2.7 Subject to paragraphs 4.2.8 and 4.2.9 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.7.
- 4.2.9 All agreements are to be included under paragraph 4.2.7 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.10 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.11 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.12 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.13 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.14 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.15 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

4.2.16 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

#### 4.3 **Price per Share in Each Class**

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

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

#### 4.4 **Pricing Basis**

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

#### 4.5 **Publication of Prices**

Shareholders can obtain the price of their shares by calling 0141 222 1151 or going to [www.trustnet.com](http://www.trustnet.com). As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal.

The ACD may also, at its sole discretion, decide to publish certain share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5 **RISK FACTORS**

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

#### 5.1 **General Risks**

The price of shares of the Company 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.

#### 5.2 **Equities Risk**

Where investments are in the shares 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.

### **5.3 Warrants Risk**

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

### **5.4 Bonds and Debt Instruments (Including High Yielding Securities) Risk**

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

### **5.5 Lower Rated/Unrated Securities Risk**

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

### **5.6 Collective Investment Schemes Risk**

The Company 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 Company. 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 Company's valuation.

### **5.7 Leverage Risk**

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

### **5.8 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.

#### **5.9 Futures and Options Risk**

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

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

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

#### **5.10 Foreign Currency Risk**

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

#### **5.11 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 Company 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 ACD 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.

#### **5.12 Charges to Capital**

The Depository has agreed that all or part of the ACD’s Annual Management Charge and any other charges or expenses allocated to a particular Share Class will be charged against capital instead of income. This may constrain capital growth.

### 5.13 Risk to Capital

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

### 5.14 Holdings Concentration Risk

The Company may invest in a relatively small number of investments and the Net Asset Value of the Company may be more volatile as a result of this concentration of holdings relative to a Fund which diversifies across a larger number of investments.

### 5.15 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 shares that investors wish to sell. In general the Company 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 Company. If there were significant requests for redemption of shares in the Company at a time when a large proportion of the Company's assets were invested in illiquid investments, then the Company's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Company.

### 5.16 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.

### 5.17 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 Company, 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 Company 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 Company meets its settlement obligations but the counterparty fails before meeting its obligations.

## 5.18 Custody Risk

Assets of the Company 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 Company in the case of bankruptcy of the custodian. Securities of the Company will normally be identified in the custodian's books as belonging to the Company 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 Company 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 Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Company 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.

## 5.19 Tax Risk

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

## 5.20 Inflation Risk

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

## 5.21 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.

## 5.22 Market Risk

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

# 6 MANAGEMENT AND ADMINISTRATION

## 6.1 Regulatory Status

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

## 6.2 Authorised Corporate Director

### 6.2.1 General

The ACD of the Company is Evelyn Partners Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales on 30 July 1985 (Registered Company No 1934644).

The directors of the ACD are set out in Appendix 8. No director is engaged in any significant business activity not connected with the business of the ACD or other Evelyn Partners Group subsidiaries.

<b>Registered Office:</b>	45 Gresham Street, London, EC2V 7BG
<b>Share Capital:</b>	It has a share capital of £50,000 issued and paid up.
<b>Ultimate Holding Company:</b>	Evelyn Partners Group Limited, a company incorporated in England and Wales.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the Investment Adviser for the investment and reinvestment of the assets of the Company (as further explained in paragraph 6.4 below).

### 6.2.2 Terms of Appointment

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

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

The ACD Agreement may be terminated by either party after the expiry of two years from the date of appointment by the Company on not less than six months written notice from either party or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

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

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

Details of the fees payable to the ACD are set out in Appendix 1 and paragraph 7.2.1 “Annual Management Charge” below.

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

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix 5.

### **6.3 The Depositary**

#### **6.3.1 NatWest Trustee & Depositary Services Limited is the Depositary of the Company.**

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

#### **6.3.2 Duties of the Depositary**

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

#### **6.3.3 Conflicts of interest**

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

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

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



#### **6.3.4 Delegation of Safekeeping Functions**

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

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

#### **6.3.5 Updated Information**

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

#### **6.3.6 Terms of Appointment**

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

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

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

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

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

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

Details of the fees payable to the Depositary are given in the section titled “Depositary’s Fee and Expenses”.

#### **6.4 The Investment Manager**

#### **6.4.1 General**

The ACD has appointed the Investment Manager, Schroder & Co Limited, to provide investment management services to the ACD. The Investment Managers are authorised and regulated by the Financial Conduct Authority.

The registered office of Schroder & Co Limited is at 1 London Wall Place, London, EC2Y 5AU.

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

#### **6.4.2 Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager includes the provision of investment management to attain the investment objectives of the Company, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Managements' report half yearly for inclusion in the Company's Report for circulation to shareholders. Subject to the agreement of the ACD, the Investment Manager may appoint Sub-Investment Managers to discharge some or all of these duties. The Agreement may be terminated by either party on one months' written notice. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if it is in the interests of the shareholders.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Company, as explained in paragraph 7.4.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

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

### **6.5 The Registrar**

#### **6.5.1 General**

The ACD has not delegated the functions of registrar and acts as registrar to the Company.

The register is held and maintained at the ACD's office at 177 Bothwell Street, Glasgow, G2 7ER.

#### **6.5.2 Register of Shareholders**

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

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

## **6.6 The Auditors**

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

## **6.7 Conflicts of Interest**

The ACD, the Investment Managers and other companies within the Evelyn Partners or Investment Managers' groups may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or the Investment Managers may in the course of their business have potential conflicts of interest with the Company. Each of the ACD and the Investment Managers will, however, have regard in such event to their obligations under the ACD Agreement and the Investment Management Agreements respectively and, in particular, to their obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

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

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

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

Copies of the ACD's and the Investment Manager's conflicts of interest policies are available from the ACD on request.

## **7 FEES AND EXPENSES**

### **7.1 Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of shares (see paragraph 3) payable by a shareholder or out of Scheme Property are set out in this section.

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

- (a) brokers' commission, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Company, and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (b) interest on borrowings permitted under the Company's constitution and charges incurred in effecting or terminating or in negotiating or varying the terms of such borrowings;
- (c) taxation and duties payable in respect of the property of the Company or the issue, cancellation or redemption of shares in the Company (including, without limitation, any stamp duty or SDRT payable by the Company);
- (d) any costs incurred in modifying the Instrument of Incorporation and the Prospectus, including costs incurred in respect of meetings of shareholders convened for purpose of approving such modifications;
- (e) any costs incurred in respect of meetings of shareholders convened for any purpose;
- (f) liabilities on amalgamation or reconstruction arising after the transfer of property to the Company in consideration for the issue of shares as more fully described in the Regulations;
- (g) the audit fees and any proper expenses of the auditors and of tax, legal and other professional advisers to the Company;
- (h) the fees of the FCA in accordance with COLL, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are, or may, be marketed;
- (i) Any expenses or disbursements payable by the ACD to the Registrar in respect of or in connection with the:
  - (i) maintenance of the Register,
  - (ii) preparation of financial statements for the Company,
  - (iii) calculation of the prices of shares,
  - (iv) processing distributions and accumulations of income,
  - (v) preparation of tax returns,
  - (vi) provision of facilities for dealing in the Company's shares, and

- (vii) maintenance of the Company's accounting and other books and records (including company secretarial duties);
- (j) any costs arising in connection with the publication (in any media) and despatch of the price of shares;
- (k) all costs arising from despatch of the half-yearly and other reports of the Company;
- (l) any costs incurred in connection with purchasing and maintaining insurance for the benefit of any person who is or was a director of the Company;
- (m) such other expenses as the ACD resolves are properly payable out of the Company's property;
- (n) any sum due or payable by virtue of any provision of the Regulations;
- (o) value added tax payable on these expenses where applicable;
- (p) the costs of secretarial duties, maintenance of minute books, etc.; and
- (q) fees for a third party for providing strategy advice, performance monitoring, investment consultancy and reporting to shareholders;

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

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

Expenses are allocated between income and capital in accordance with the FCA Regulations and the OEIC Regulations and as specified in Appendix 1. 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 OEIC Regulations. This may constrain capital growth.

## **7.2 Charges payable to the ACD**

### **7.2.1 Annual Management Charge**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company as set out in Appendix 1. The annual management charge is based on the month end valuation from the previous month, accrues daily and is payable monthly in arrears on the last Business Day of each month. The current annual management charge (expressed as a percentage per annum of the Net Asset Value) is set out in Appendix 1.

### **7.2.2 Registration Fees**

The ACD is entitled to receive a fee out of the Scheme Property for providing registration services, (including establishing and maintaining sub-registers where applicable) out of which the ACD will pay the fees of the Registrar. Such fee is payable quarterly. The current fees payable to the ACD are as follows: £11.50 per annum per shareholder with a minimum payment of £500 per annum.

### 7.2.3 Expenses

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

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

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

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

### 7.2.4 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.

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

## 7.3 Depositary's Fee and Expenses

The Depositary is entitled to receive out of Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook and is subject to a current minimum of £7,500. The current charge is 0.0275% per annum plus VAT on Scheme Property below £50,000,000, 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000; and 0.02% per annum plus VAT on Scheme Property above £100,000,000. In addition, VAT on the amount of the periodic charge will be paid out of Scheme Property.

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

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

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

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 to £87.53 per transaction
Safe Custody Charges	Between 0.003% and 0.50%* of the value of investments being held per annum *With the exception of: <ul style="list-style-type: none"> <li>• USA (Physical Securities) - £14 per line per calendar month</li> <li>• Not in Bank / Not in Custody Assets - £65 per line per calendar month</li> </ul>

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 Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

The transaction charges and custody charges are subject to a minimum of £7,000 per annum, plus VAT.

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

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

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

#### **7.4 Investment Manager's Fee**

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

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

## **8 INSTRUMENT OF INCORPORATION**

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

## **9 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **9.1 Class and Company Meetings**

The Company has dispensed with the requirement to hold annual general meeting.



The provisions below, unless the context otherwise requires, apply to class meetings as they apply to general meetings of the Company, but by reference to shares of the class concerned and the shareholders and value and prices of such shares.

## **9.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

## **9.3 Notice and Quorum**

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

## **9.4 Voting Rights**

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

On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price of all the shares in issue at a reasonable date before the notice of meeting is sent out, such date to be decided by the ACD.

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

In the case of joint shareholders, the vote of the most senior shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or

associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

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

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

## 9.5 Variation of Class Rights

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

## 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 Fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the fund which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

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

### 10.1 Taxation of an Equity Company

#### 10.1.1 Taxation of Capital Gains

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

## 10.1.2 Tax on Income

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

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

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

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

## 10.2 Taxation of a Bond Company

### 10.2.1 Taxation of Capital Gains

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

### 10.2.2 Tax on Income

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

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

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

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

distributions made should be deductible for corporation tax purposes against UK taxable income.

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

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

### **10.3 Stamp Duty Reserve Tax**

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

However it should be noted that in the unlikely event of either of;

- (a) third party transfer of shares or
- (b) non-pro rata in specie redemptions, occurring within the fund, SDRT may still be triggered and where applicable be charged to the investor

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

#### **10.4.1 Foreign Account Tax Compliant Act (FATCA)**

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

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

#### **10.4.2 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 Fund, 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.

#### 10.5 **Income Equalisation**

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

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

The amount of income equalisation is either;

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

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

### 11 **WINDING UP OF THE COMPANY**

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

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

#### 11.1 The Company shall be wound up under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by shareholders; or
- (b) when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below £5 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or
- (c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

11.2 On the occurrence of any of the above:

- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;
- (b) the Company will cease to issue and cancel shares in the Company and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company;
- (c) no transfer of a share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- (d) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) the corporate status and powers of the Company and subject to 10.2(a) to 11.2(b) above, the powers of the Depositary shall continue until the Company is dissolved.

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

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

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

Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each shareholder (or the first named of joint shareholders) on it within four months of the completion of the winding up or termination.

12 **GENERAL INFORMATION**

## 12.1 Accounting Periods

The annual accounting period of the Company ends each year on 31 March (the accounting reference date) with interim accounting periods ending on 30 June, 30 September (half yearly) and 31 December.

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

## 12.2 Notice to Shareholders

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

## 12.3 Income Allocations

The interim and final income allocation dates in respect of the Company are set out in Appendix 1. Income is allocated in respect of the income available at each accounting date.

In relation to income shares, distributions of income are paid by BACS or telegraphic transfer directly into a shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix 1.

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

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

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

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

Income will be distributed as a dividend payment where the Company is deemed to be an Equity Company or as an interest payment where the Company is deemed to be a Bond Company over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix 1, although Shareholders 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 Company 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 Shareholders when the income is allocated.

#### **12.4 Annual Reports**

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

#### **12.5 Documents of the Company**

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

- (a) the most recent annual and half yearly reports of the Company;
- (b) the Instrument of Incorporation (and any amending documents); and
- (c) the material contracts referred to below.

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

#### **12.6 Material Contracts**

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

- (a) the ACD Agreement between the Company and the ACD; and
- (b) the Depositary Agreement between the Company, the Depositary and the ACD.

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

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

#### **12.7 Provision of Investment Advice**

All information concerning the Company and about investing in shares of the Company is available from the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.



## 12.8 Telephone Recordings

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

## 12.9 Complaints

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at 45 Gresham Street, London, EC2V 7BG, in the first instance. If you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the ACD'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 ACD or the Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

## 12.10 Best Execution

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

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

## 12.11 Inducements and Soft Commission

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

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

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

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

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

The intended categories of investors are retail and institutional investors.

#### **12.13 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.

#### **12.14 Risk Management**

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

- (a) the quantitative limits applying in the risk management of the Company;
- (b) the methods used in relation to 11.11(a); and
- (c) any recent development of the risk and yields of the main categories of investment.
- (d) Indemnity

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

## APPENDIX 1

### INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS OF THE COMPANY

Investment of the assets of the Company must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy are set out below together with other information including available Share Classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 3. Lists of the eligible securities and derivatives markets on which the Company may invest are contained in Appendix 2.

#### Ongoing Charges Figure (OCF)

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

**Name:** The Norton Fund

**Type of Scheme:** UK UCITS scheme

**Investment Objective and Policy:** The Investment Objective of the Company is to provide a balance between long term capital growth and income return principally through a diversified holding of securities (such securities being held directly or indirectly in collective investment schemes).

The Company will aim to generate superior investment returns through investing up to 100% of its Scheme Property in collective investment schemes which invest in quality companies and bonds worldwide. There will be no particular emphasis on any industry sector.

The Company may also invest directly in securities, bonds, money market instruments, deposits, warrants, cash and near cash, derivatives and forward transactions (for the purposes of efficient portfolio management) and other investments to the extent that each is permitted by the Regulations.

**Benchmark** Shareholders may compare the performance of the Company against the ARC Sterling Equity Risk PCI. Comparison of the Company's performance against this benchmark will give Shareholders an indication of how the Company 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 Company, nor is the Company constrained by the benchmark.

<b>Final accounting date:</b>	31 March
<b>Interim accounting date:</b>	30 June 30 September and 31 December
<b>Income distribution dates:</b>	31 May (final) 31 August 30 November and the last day of February (interim)
<b>Shares Classes and type of Shares:</b>	Income Shares
<b>Initial charge:</b>	10%
<b>Redemption charge:</b>	Nil
<b>Switching charge:</b>	See paragraph 3.6.3
<b>Charge for investment research</b>	None
<b>Annual Management Charge:</b>	0.8%
<b>Charges taken from Income or Capital:</b>	Charges are taken from Capital which will restrain capital growth.
<b>Investment minima:*</b>	
Lump sum	£100,000
Holding	£100,000
Top-up	£10,000
Redemption	£10,000
<b>Income to be distributed as a dividend or interest?</b>	The Company may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.

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

## Investor Profile

Whether an investment in the Company is appropriate for you will depend on your own requirements and attitude to risk. The Company is designed for investors who:

- want to achieve a balance of capital growth and income over the longer term through investing in a diverse portfolio of investments using the expertise of the Investment Manager,

- can meet the minimum investment levels,
- are able to commit to a long term investment in the Company 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 Company (as detailed under “Risk Factors”).

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

## APPENDIX 2

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

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

#### Eligible Securities Markets:

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

## Eligible Derivatives Markets

Canada	The Montreal Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Tokyo Stock Exchange
Mexico	Mexican Derivatives Exchange (Mercado Mexicano de Derivados)
Singapore	Singapore Exchange
South Africa	Safex
Switzerland	Eurex Zurich
United States of America	Chicago Stock Exchange
	CME Group
	ICE Futures U.S.
	NASDAQ
	NASDAQ OMX PHLX
	New York Stock Exchange
	NYSE Arca
	NYSE LIFFE US
	NYSE MKT LLC

## APPENDIX 3

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1 General

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

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the property of the Company in money-market instruments and/or cash deposits.

#### 1.1 Prudent Spread of Risk

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

#### 1.2 Cover

Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Company under any other of those rules has also to be provided for.

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

- (a) it must be assumed that in applying any of those rules, the Company must also simultaneously satisfy any other obligation relating to cover; and
- (b) no element of cover must be used more than once.

#### 1.3 UK UCITS Schemes - General

Subject to the investment objective and policy of the Company, the Scheme Property must, except where otherwise provided in COLL 5, only consist of any or all of:

- (a) transferable securities;
- (b) approved money-market instruments;
- (c) permitted units in collective investments schemes;
- (d) permitted derivatives and forward transactions; and
- (e) permitted deposits.



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

#### 1.4 Transferable Securities

1.4.1 A transferable security is an investment falling within article 76 (shares etc.), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.

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

1.4.3 In applying paragraph 1.4.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc.) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

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

- (a) the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
- (b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying shareholder under the FCA Handbook;
- (c) reliable valuation is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (d) appropriate information is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

- (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the risk management process of the ACD.
- 1.4.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- (a) not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying shareholder; and
  - (b) to be negotiable.

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

## 2 Closed End Funds Constituting Transferable Securities

- 2.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 1.4.5 and either:
- (a) where the closed end fund is constituted as an investment company or a unit trust:
    - (i) it is subject to corporate governance mechanisms applied to companies; and
    - (ii) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

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

- (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 3 Transferable Securities Linked to Other Assets

- 3.1 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:
- (a) fulfils the criteria for transferable securities set out in 1.4.1 above; and

- (b) is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.
- 3.2 Where an investment in 3.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.
- 4 Approved Money-Market Instruments**
- 4.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.
- 4.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
  - (a) has a maturity at issuance of up to and including 397 days;
  - (b) has a residual maturity of up to and including 397 days;
  - (c) undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
  - (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 4.2(a) or 4.2(b) or is subject to yield adjustments as set out in 4.2(c).
- 4.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 4.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
  - (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - (b) based either on market data or on valuation models including systems based on amortised costs.
- 4.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
- 5 Transferable Securities and Money-Market Instruments Generally to be Admitted or Dealt in on an Eligible Market**

- 5.1 Transferable securities and approved money-market instruments held within the Company must be:
- (a) admitted to or dealt in on an eligible market as described in 6.3(a); or
  - (b) dealt in on an eligible market as described in 6.3(b); or
  - (c) admitted to or dealt in on an eligible market as described in 6.4; or
  - (d) for an approved money-market instrument not admitted to or dealt in on an eligible market, within 7.1; or
  - (e) recently issued transferable securities provided that:
    - (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - (ii) such admission is secured within a year of issue.
- 5.2 However, the Company may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 5.1.

## **6 Eligible Markets Regime: Purpose and Requirements**

- 6.1 To protect Shareholders the markets on which investments of the Company are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- 6.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 5.2 above on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 6.3 A market is eligible for the purposes of the rules if it is:
- (a) a regulated market as defined in the FCA Handbook; or
  - (b) a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.
- 6.4 A market not falling within paragraph 6.3 of this Appendix is eligible for the purposes of COLL 5 if:
- (a) the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - (b) the market is included in a list in the prospectus; and
  - (c) the Depositary has taken reasonable care to determine that:
    - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and

- (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- (d) In paragraph 6.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.
- (e) The Eligible Markets for the Company are set out in Appendix 2.

## **7 Money-Market Instruments with a Regulated Issuer**

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

- (a) the issue or the issuer is regulated for the purpose of protecting shareholders and savings; and
- (b) the instrument is issued or guaranteed in accordance with paragraph 8 (Issuers and guarantors of money-market instruments) below.

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

- (a) the instrument is an approved money-market instrument;
- (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 9 (Appropriate information for money-market instruments) below; and
- (c) the instrument is freely transferable.

## **8 Issuers and Guarantors of Money-Market Instruments**

8.1 The Company may invest in an approved money-market instrument if it is:

- (a) issued or guaranteed by any one of the following:
  - (i) a central authority of the UK or, an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
  - (ii) a regional or local authority of the UK or an EEA State;
  - (iii) the Bank of England, European Central Bank or a central bank of an EEA State;
  - (iv) the European Union or the European Investment Bank;
  - (v) a non-EEA State other than the UK or, in the case of a federal state, one of the members making up the federation; or

- (vi) a public international body to which the UK or one or more EEA States belong; or
  - (b) issued by a body, any securities of which are dealt in on an eligible market; or
  - (c) issued or guaranteed by an establishment which is:
    - (i) subject to prudential supervision in accordance with criteria defined by UK or European Community law; or
    - (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Community law.
- 8.2 An establishment shall be considered to satisfy the requirement in 8.1(c)(i) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- (a) it is located in the UK or the European Economic Area;
  - (b) it is located in an OECD country belonging to the Group of Ten;
  - (c) it has at least investment grade rating;
  - (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Community law.

## 9 Appropriate Information for Money-Market Instruments

- 9.1 In the case of an approved money-market instrument within 8.1(b) or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 8.1(a)(ii) or a public international body within 8.1(a)(vi) but is not guaranteed by a central authority within 8.1(a)(i), the following information must be available:
- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme.
- 9.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 8.1(c), the following information must be available:
- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

- (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 9.3 In the case of an approved money-market instrument:
- (a) within 8.1(a)(i), 8.1(a)(iv) or 8.1(a)(v); or
  - (b) which is issued by an authority within 8.1(a)(ii) or a public international body within 8.1(a)(vi) and is guaranteed by a central authority within 8.1(a)(i);
  - (c) information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.
- 10 **Spread: General**
- 10.1 This rule does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.
- 10.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 2013/34/EU, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable, or in the same group in accordance with international accounting standards are regarded as a single body.
- 10.3 Not more than 20% in the value of the Scheme Property is to consist of deposits with a single body.
- 10.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 10.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Company invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 10.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 10.7 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group.

- 10.8 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 10.9 The COLL Sourcebook provides that in applying the limits in 10.3, 10.4 and 10.6 in relation to a single body and subject to 10.5, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- (a) transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
  - (b) deposits made with that body; or
  - (c) exposures from OTC derivatives transactions made with that body.
- 10.10 For the purpose of calculating the limits in 10.6 and 10.9 of this paragraph 10, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - (d) can be fully enforced by the Company at any time.
- 10.11 For the purposes of calculating the limits in 10.6 and 10.9 of this paragraph 10 (Spread: general), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- (a) comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - (b) are based on legally binding agreements.
- 10.12 In applying this paragraph 10 (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- (a) it is backed by an appropriate performance guarantee; and
  - (b) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

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

- 11.1 The following 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.
- 11.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 11.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- (a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company;
  - (b) no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - (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
- 11.4 In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in Government and other public securities issued or guaranteed by the Government of the United Kingdom, or Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.
- 11.5 Notwithstanding 10.1 and subject to 11.2 and 11.3 above, in applying the 20% limit in paragraph 10.9 with respect to a single body, government and public securities issued by that body shall be taken into account.
- 12 Investment in Collective Investment Schemes**
- 12.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided the Second Scheme satisfies all of the following conditions and provided that no more than 30% in value of the Scheme Property is invested in Second Schemes within 12.1.1(b) to 12.1.1(e) below.
- 12.1.1 The Second Scheme must:

- (a) be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
  - (b) be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000; or
  - (c) be authorised as a non-UCITS retail scheme (provided certain requirements are met); or
  - (d) be authorised in an EEA State (provided certain requirements are met); or
  - (e) be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
    - (iii) signed the IOSCO Multilateral Memorandum of Understanding; and
    - (iv) approved the Second Scheme's management company, rules and depositary/custody arrangements;
 provided certain requirements are met.
- 12.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 12.1.2, paragraph 12.1.3 and paragraph 10 (Spread: General) apply to each sub fund as if it were a separate scheme.
- 12.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus clearly states that the Company may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 12.2 The Company may, subject to the limits set out in 12.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD or one of its associates.
- 12.3 If a substantial proportion of the Company's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Company will be 6%.

### 13 **Investment in Nil and Partly Paid Securities**

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

### 14 **Derivatives: General**

The Investment Manager may employ derivatives solely for the purposes of hedging in accordance with Efficient Portfolio Management.

- 14.1 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 16 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 27 (Cover for transactions in derivatives and forward transactions) of this Appendix.
- 14.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.
- 14.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 14.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 14.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 14.6 Where the Company invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 15 **Efficient Portfolio Management**

- 15.1 The Company may 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 ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of, risk.

The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

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

- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- (b) Transactions for the generation of additional capital growth or income for the Company by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
  - (i) pricing imperfections in the market as regards the property which the Company holds or may hold; or
  - (ii) receiving a premium for the writing of a covered call option or a covered put option on property of the Company which the Company is willing to buy or sell at the exercise price.
- (c) Eligible derivatives markets are those which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to the relevant criteria set out in the COLL Sourcebook and the formal guidance on eligible markets issued by the FCA as amended from time to time. The eligible derivatives markets for the Company are set out in Appendix 2.

## 16 Permitted Transactions (Derivatives and Forwards)

16.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 20 (OTC transactions in derivatives).

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

- (a) transferable securities;
- (b) approved money-market instruments permitted under paragraphs 5.1(a) to 5.1(d);
- (c) deposits permitted derivatives under this paragraph;
- (d) collective investment scheme units permitted under paragraph 12 (Investment in collective investment schemes);
- (e) financial indices which satisfy the criteria set out in paragraph 17 (Financial indices underlying derivatives);
- (f) interest rates;

- (g) foreign exchange rates; and
  - (h) currencies.
- 16.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 16.4 A transaction in a derivative must not cause the Company to diverge from its investment objective as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 16.5 transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 19.2 are satisfied.
- 16.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 16.7 A derivative includes an investment which fulfils the following criteria:
- (a) it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - (b) it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - (c) in the case of an OTC derivative, it complies with the requirements in paragraph 20; and
  - (d) its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 16.8 The Company may not undertake transactions in derivatives on commodities.
- 16.9 Counterparty risk exposure can be reduced by the Company receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.
- 16.10 The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Company. The use of these techniques and instruments will only be employed where the ACD and the Investment Manager consider these to be in line with the best interests of the Company.

## 17 Financial Indices Underlying Derivatives

- 17.1 The financial indices referred to in 16.2(e) are those which satisfy the following criteria:
- (a) the index is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers; and
  - (c) the index is published in an appropriate manner.
- 17.2 A financial index is sufficiently diversified if:
- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - (b) where it is composed of assets in which the Company is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - (c) where it is composed of assets in which the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 17.3 A financial index represents an adequate benchmark for the market to which it refers if:
- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 17.4 A financial index is published in an appropriate manner if:
- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 17.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 16.2, be regarded as a combination of those underlyings.

## **18 Transactions for the Purchase of Property**

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

## **19 Requirement to Cover Sales**

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

19.2 The above does not apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:
  - (i) cash;
  - (ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
  - (iii) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

19.3 In the asset classes referred to in paragraph 19.2(b), an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## **20 OTC Transactions in Derivatives**

20.1 Any transaction in an OTC derivative under paragraph 16.1 must be:

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

- (c) on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with the Company or the ACD: to provide at least daily and at any other time at the request of the Company or the ACD a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that it or an alternative counterparty will, at the request of the Company or the ACD, enter into a further transaction to sell, liquidate or close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under the following paragraph; and
- (d) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - (ii) if the value referred to in 20.1(d)(i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- (e) subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - (i) an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - (ii) a department within the ACD which is independent from the department in charge of managing the Company and which is adequately equipped for such a purpose.

## 21 Risk Management

- 21.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Company's positions and their contribution to the overall risk profile of the Company. Before using the process, the ACD will notify the FCA of the details of the risk management process.

## 22 Investment in Deposits

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

## 23 Significant Influence



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

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

23.2 For the purposes of paragraph 23.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 24 Concentration

### 24.1 The Company:

- (a) must not acquire transferable securities other than debt securities which:
  - (i) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - (ii) represent more than 10% of these securities issued by that body corporate;
- (b) must not acquire more than 10% of the debt securities issued by any single issuing body;
- (c) must not acquire more than 25% of the units in a collective investment scheme;
- (d) must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- (e) need not comply with the limits in paragraphs 24.1(b), 24.1(c) and 24.1(d) of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 25 Derivative Exposure

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

25.2 Cover ensures that the Company is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property.

Therefore, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 27 (Cover for transactions in derivatives and forward transactions) below sets out detailed requirements for cover of the Company.

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

25.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## 26 Schemes Replicating an Index

26.1 Notwithstanding paragraph 10 (Spread: general), the Company may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

26.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

26.3 The 20% limit in paragraph 26.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

26.4 In the case of the Company replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Company's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

26.5 The indices referred to above are those which satisfy the following criteria:

- (a) the composition is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers; and
- (c) the index is published in an appropriate manner.

26.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

26.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

- 26.8 An index is published in an appropriate manner if:
- (a) it is accessible to the public;
  - (b) the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## **27 Cover for Transactions in Derivatives and Forward Transactions**

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

## **28 Cover and Borrowing**

- 28.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 27 (Cover for transactions in derivatives and forward transactions) except where 28.2 below applies.
- 28.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 28.1 on deposit with the lender (or his agent or nominee), then this paragraph 28.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

## **29 Cash and Near Cash**

- 29.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- (a) the pursuit of the Company's investment objective; or

- (b) redemption of shares; or
- (c) efficient management of the Company in accordance with its investment objective; or
- (d) other purposes which may reasonably be regarded as ancillary to the investment objective of the Company.

### **30 General**

- 30.1 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of shares, efficient management of the Company or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Company.
- 30.2 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 30.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of shareholders.
- 30.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage the Company's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Company may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits the Company to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Company) under certain conditions.

### **31 Underwriting**

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

### **32 General Power to Borrow**

- 32.1 The Company or the ACD, on the instructions of the Company, may and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved

Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.

32.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

32.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Scheme Property.

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

### **33 Restrictions on Lending of Money**

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

33.2 Acquiring a debenture is not lending for the purposes of paragraph 33.1, nor is the placing of money on deposit or in a current account.

33.3 Nothing in paragraph 33 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

### **34 Restrictions on Lending of Property other than Money**

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

34.2 Transactions permitted by paragraph 37 (Stock lending) are not to be regarded as lending for the purposes of paragraph 34.1.

34.3 The Scheme Property must not be mortgaged.

34.4 Nothing in this paragraph prevents the Company or the Depositary of the Company at the request of the Company, from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.

### **35 General Power to Accept or Underwrite Placings**

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

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

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

## 36 Guarantees and Indemnities

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

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

36.3 Paragraphs 36.1 and 36.2 do not apply to in respect of the Company:

- (a) any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
- (b) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- (c) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- (d) an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first shareholders in the Company.

## 37 Stock Lending

The Company may not enter into stock lending transactions

## APPENDIX 4

### TYPICAL INVESTOR PROFILE(S)

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

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

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

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

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

## APPENDIX 5

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

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



	<p>The Cheviot Fund The Daisybelle Fund The Dinky Fund The Dunninger Fund The Folla Fund The Galacum Fund The Global Balanced Strategy Fund The Gloucester Portfolio The Headspring Fund The Headway Fund The Jake Fund The Jay Fund The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The SVS Levitas Funds The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund TS Campana Fund Vagabond Investment Fund White Oak Fund</p>
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## APPENDIX 6

### PAST PERFORMANCE AND INVESTOR PROFILE

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

Past performance is no indication of future performance.



Source: Fund: FE fundinfo 2024  
Benchmark: Morningstar

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

**NOTE:** Past performance should not be taken as a guide to the future. Please see Appendix I for the Company's objective.

## APPENDIX 7

### DIRECTORY

#### The Company and Head Office

The Norton Fund  
45 Gresham Street  
London  
EC2V 7BG

#### Authorised Corporate Director, Administrator and Registrar

##### Registered Office:

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

##### Correspondence Address:

Evelyn Partners Fund Solutions Limited  
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

#### Depositary

##### 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

#### Investment Manager

##### Registered Office:

Schroder & Co Limited  
1 London Wall Place  
London  
EC2Y 5AU

**Auditors**

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

## APPENDIX 8

### 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 Company that are not connected with the business of the ACD.**