

Prospectus of  
The Millennium Fund

(A Non-UCITS Retail Scheme with FCA Product Reference Number: 200153)

This Prospectus is dated and is valid as at 22 March 2024

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

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

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

This document is valid as at 22 March 2024. Any unitholder or prospective unitholder in the Trust should check with the Manager that this document is the most current version and that no revisions have been made to this Prospectus since this date.

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

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

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

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## TERMS USED IN THIS DOCUMENT

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

<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time
<b>“Dealing Day”</b>	the fourteenth day of each month (or, if such day is not a Business Day, on the next Business Day) and on the last Business Day of each month
<b>“EEA State”</b>	a member state of the European Union or any other state which is within the European Economic Area
<b>“EMT”</b>	European MiFID Template
<b>“EUWA”</b>	means the European Union Withdrawal Act 2018
<b>“FCA”</b>	the Financial Conduct Authority or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority
<b>“FCA Rules”</b>	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook)
<b>“ICVC”</b>	a UK authorised open ended investment company, an investment company with variable capital
<b>“Investment Adviser”</b>	Close Asset Management Limited
<b>“Manager”</b>	Evelyn Partners Fund Solutions Limited
<b>“MiFID II”</b>	Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable
<b>“Prime Broker”</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Trust does not currently require the services of a Prime Broker
<b>“Prospectus”</b>	this document, the prospectus for the Trust as amended from time to time

<b>“Trust”</b>	The Millennium Fund
<b>“Trust Deed”</b> <b>“Trustee”</b>	the trust deed by which the Trust is constituted NatWest Trustee & Depositary Services Limited
<b>“UCITS Directive”</b>	the EC Directive on Undertakings for Collective Investment in Transferable Securities, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable
<b>“Unit”</b>	a unit of the Trust
<b>“Unitholder”</b>	a holder of Units
<b>“Valuation Point”</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which units of a class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon on each Dealing Day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee
<b>“VAT”</b>	means value added tax.



## The Trust

### Establishment and Authorisation

The Trust is a UK authorised unit trust. The Trust is constituted by a trust deed (the “Trust Deed”) dated 3 December 2002 between the then manager and the Trustee as amended by supplemental trust deeds dated 9 February 2004 and 12 February 2007 and the Deed of Retirement and Appointment of Manager dated 4 December 2006. The Trust was authorised by the FCA on 5 December 2002. The Trust is classified as a non-UCITS retail scheme and is an AIF for the purposes of AIFMD.

FCA Product Reference Number: 200153

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

### Base Currency

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

### Objective

The objective of the Trust is to invest the property of the Trust with the aim of spreading investment risk and giving Unitholders the benefit of the results of the management of that property. The types of investments and assets in which the property of the Trust may be invested are transferable securities, units in collective investment schemes, money market instruments, deposits, derivative and forward transactions, and immovables in accordance with the FCA Rules applicable to a non-UCITS retail scheme, subject to any more restrictive provisions set out in the Prospectus from time to time.

### Typical Investor

The Trust is not widely marketed. It is made available to various private clients of the Investment Adviser.

Whether an investment in the Trust is appropriate for you will depend on your own requirements and attitude to risk. The Trust is designed for high net worth retail investors (although units in the Trust may be marketed to all types of investors) who:

- want to achieve long-term capital growth through investing in UK and overseas markets using the expertise of the Investment Adviser,

- for whom receiving an income from their investments is of less importance,
- can meet the minimum investment levels,
- are able to commit to a long term investment in the Trust 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 Trust (as detailed under “Risk Factors”).

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

## Management of the Trust

### The Manager

The Manager of the Trust is Evelyn Partners Fund Solutions Limited (the “**Manager**”). The Manager was incorporated in England and Wales with registered number 1934644 on 30 July 1985. The ultimate holding company of the Manager is Evelyn Partners Group Limited incorporated in England and Wales with registered number 08741768. The registered office (and head office) of the Manager is at 45 Gresham Street, London, EC2V 7BG. The issued share capital of the Manager is £50,000 consisting of 50,000 ordinary shares of £1 each fully paid.

Information on the typical investor profile for the Trust is set out in Appendix 3.

The Manager is the manager of the Trust and is also the manager or authorised corporate director of the UK Authorised Investment Funds set out in Appendix 4.

The Directors of the Manager are listed in Appendix 5.

The directors of the Manager also act as directors of companies other than the Manager (including companies that are within the same group of companies as the Manager) but do not engage in business activities that are not connected with the Trust that would be significant to the Trust’s business within the meaning of the FCA Rules.

The Manager is responsible for the management of the Trust and the general administration of the Trust in compliance with the FCA Rules. Subject to the restrictions in the FCA Rules which are explained below, the Manager may delegate or employ agents to assist it in forming its investment management, unit accounting and registration functions for the Trust.

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

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

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

#### Investment Adviser

The Manager has appointed Close Asset Management Limited (the “**Investment Adviser**”) of 10 Crown Place, London, EC2A 4FT as investment adviser in respect of the Trust. The activity of the investment adviser is investment management and the giving of advice.

The main terms of the Agreement (other than those relating to remuneration) between the Investment Adviser and the Manager are that the Investment Adviser will exercise all of the Manager’s powers and discretions under the Trust Deed in relation to the selection, acquisition, holding and realisation of investments, the application of any monies forming part of the property of the Trust and negotiation of any borrowing or currency transactions, with full authority of the Manager to make decisions on behalf of the Manager in respect of those matters.

The Agreement between the Manager and the Investment Adviser is terminable on not less than one month’s notice in writing by either the Manager or the Investment Adviser and in certain circumstances is terminable forthwith by notice in writing. In addition, the Manager can terminate the arrangement with immediate effect where this is in the interests of Unitholders.

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

## The Trustee

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

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

## Duties of the Trustee

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

## Conflicts of interest

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

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

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

## Delegation of Safekeeping Functions

The Trustee is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property. The Trustee has delegated safekeeping of the Scheme Property to 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 Trust may invest to various sub-delegates (“sub-custodians”).

#### The Auditor

The auditor of the Trust is Johnston Carmichael LLP (the “**Auditor**”) whose address is Bishop’s Court, 29 Albyn Place, Aberdeen, AB10 1YL.

#### Delegation of Powers

The Manager and the Trustee may retain the services of the other or of third parties to assist them in fulfilling their respective roles. The exceptions to this are that:

- (a) the Trustee may not delegate oversight in respect of the Trust to the Manager or any associate of the Manager or custody or control of the scheme property of the Trust to the Manager;
- (b) any delegation by the Trustee of custody of the scheme property of the Trust must be under arrangements which allow the custodian to release documents into the possession of a third party only with the Trustee’s consent; and
- (c) no mandate for managing investments of the scheme property of the Trust may be given to the Trustee or any other person whose interests may conflict with those of the Manager or the Unitholders or any other person who is not both authorised or registered for managing investments by the FCA and is not subject to prudential supervision (unless there is an agreement in place between the FCA and the overseas regulator of the delegate ensuring adequate co-operation).

Where functions are performed for the Manager by third parties, the responsibility which the Manager had in respect of such services prior to the delegation to a third party will remain unaffected. Where the Trustee delegates matters to an associate of a director or an associate of the Trustee to assist in the performance of its functions, then the Trustee’s liability in respect of those services shall remain unaffected and, in any other case, the Trustee will not be held responsible by virtue of the FCA Rules for any act or omission of the person so retained if it can show, first, that it was reasonable for the delegator to obtain assistance to perform the function in question; secondly, that the delegate was and remained competent to provide that assistance; and thirdly, that the delegator took reasonable care to ensure that the assistance was provided in a competent manner.

In accordance with these restrictions, the Manager and the Trustee have, as mentioned above, appointed certain third parties to perform particular functions.

The FCA Rules contain various requirements relating to transactions entered into between the Trustee and the Manager, the Investment Adviser or any of their associates which may involve a conflict of interest. These are designed to protect the interests of the Trust. Certain transactions between the Trustee and the Manager, or an associate of the Manager, may be voidable.

#### Conflicts of Interest

The FCA Rules contain various requirements relating to transactions entered into between the Trustee, the Manager, the Investment Adviser or any of their associates, which may involve a conflict of interest. These are designed to protect the interests of the Trust.

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

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

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

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

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

The Manager maintains a written conflict of interest policy. The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Trust or its unitholders will be prevented. Should any such situations arise the Manager will,

as a last resort if the conflict cannot be avoided, disclose these to unitholders in the report and accounts or otherwise in an appropriate format.

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



## Investment Objective and Investment Powers

### Investment Objective

The objective of the Trust is to enhance total return and provide long-term growth. Whilst income is of secondary importance, there will be annual distributions. The Manager's policy is to achieve this objective through a portfolio of UK and international equities, bonds and cash as appropriate.

The Trust will also have the power to invest in other collective investment schemes and money market instruments. Additionally it may invest in derivative and forward transactions, but only for the purposes of efficient portfolio management. The Manager does not envisage entering into hedging transactions to a major extent. The Manager may also invest in immovables (real property).

### Investment Powers and Restrictions

The assets of the Trust will be invested with the aim of achieving the investment objective set out above and must be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, the Trust Deed and this Prospectus.

A summary of the investment powers and restrictions applicable to the Trust is set out in Appendix 2.

### Risk Factors

Risk is about how likely it is that an investment will fluctuate in value over time. The level of risk varies between investment funds. Whilst historically over the longer term shares and bonds have been seen to outstrip the returns expected from a bank or building society account, potential investors should consider the following risk factors before investing in an investment fund such as the Trust.

#### *General Risks*

The price of shares of the Trust 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.

### *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 Trust will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the Manager may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

### *Emerging Countries And Developing Markets Risk*

The Trust may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Trust and its share price.

### *Smaller And Unquoted Companies Risk*

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

comparable securities for which a liquid market exists.

### *Risk To Capital*

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

### *Liquidity Risk*

In normal market conditions a Fund's assets comprise mainly realisable investments which can be readily sold. A Fund's main liability is the redemption of any shares that investors wish to sell. In general the Trust 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 is 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 Trust. If there were significant requests for redemption of shares in the Trust at a time when a large proportion of the Trust's assets are invested in illiquid investments, then the Trust's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Trust.

### *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.

### *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.

### *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.

#### *Collective Investment Schemes Risk*

The Trust 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 Trust. 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 Trust's valuation.

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

#### *Leveraged Companies Risk*

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital.

#### *Leverage Risk*

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

#### *Futures and Options Risk*

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

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

#### *Foreign Currency Risk*

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

#### *Real Estate Risk*

Investment in real estate/property investment vehicles may result in exposure to the risks associated with property investment, including but not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors, and changes in the supply and demand for property.

#### *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 the ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as ‘sub-investment’ grade.

### *Settlement Risk*

All security investments are transacted through brokers who have been approved by the investment adviser 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 Trust, 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 Trust 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 Trust meets its settlement obligations but the counterparty fails before meeting its obligations.

### *Custody Risk*

Assets of the Trust 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 Trust in the case of bankruptcy of the custodian. Securities of the Trust will normally be identified in the custodian's books as belonging to the Trust 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 Trust 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 Trust that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

### *Tax Risk*

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

### *Inflation Risk*

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

### *Political And/Or Environmental Risk*

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

### *Market Risk*

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

## Units in the Trust

### Types of Units

The Trust Deed provides for the creation of one or more classes of Unit with their respective criteria for eligibility and allocation of rights to participate in the property of the Trust as set out in the Trust Deed and in this Prospectus from time to time. Currently only income units are issued.

The Units are not listed or dealt in on any investment exchange.

### Interests of Unitholders

The nature of the right represented by Units is that of a beneficial interest under a trust which will be evidenced by entries on a register of Unitholders. Unitholders are not liable for the debts of the Trust.

Each holder of Units is entitled to participate in the property of the Trust and its income in the proportion that the value of the holding of Units bears to the value of the property of the Trust. If, in the future, more than one class of Units is in issue, the holder of Units will participate in the property of the Trust in accordance with its proportionate share entitlements calculated in accordance with the terms of the Trust Deed.

### The Register

Entitlement to Units is conclusively evidenced by entries on the register of Unitholders. The Trustee and the Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the Units.

The Manager is responsible for maintaining the register of Unitholders and the number of Units held by each Unitholder. The register of Unitholders is available for inspection by any Unitholder or their duly authorised agent free of charge during normal office hours on any Business Day at 177 Bothwell Street, Glasgow, G2 7ER (subject to the power to close the register of Unitholders for such periods not exceeding 30 days in any one year). Copies of the entries on such registers relating to a Unitholder are available on request by that Unitholder free of charge.

### Statements

Certificates will not be issued in respect of unitholdings in the Trust. The Trust Deed relieves the Manager and the Trustee from the duty to issue certificates, representing



Units, to Unitholders whose names appear on the register of Unitholders and title to Units will be conclusively proved by entry on the register.

At least once each year the Manager will send a statement to each person who holds or has held Units (or is or was the first named of joint holders of Units) since the time of issue of the last such statement. That statement shall describe any current holding of Units as at the date the statement is compiled and any transactions in Units carried out by or on behalf of that person, since the date on which the last such statement was compiled.

### **Client Money**

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

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

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

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

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

### **Dealings in Units**

#### **Issue and Redemption of Units**

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

The Trust deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

Client money held by the Manager on the purchase or redemption of Units will be held in a designated money account with NatWest Group plc. No interest payment will be made on client money held by the Manager. The Manager is under no obligation to account to the Trustee or to the Unitholders for any profit or interest which it makes on the issue of Units or on the reissue or cancellation of Units it has redeemed.

### *Buying Units*

Initial investments in the Trust can only be made by sending a completed application form to the Manager's Transfer Agency team either (i) together with a cheque (up to £50,000) or (ii) having made a telegraphic transfer to the Manager's bank account. Application forms can be obtained from the Manager. The Manager will accept written instructions accompanied by payment (where applicable) on subsequent transactions which can be carried out by writing to the Manager's Transfer Agency team at the address set out in Appendix 7. The Manager will also accept telephone purchase instructions from FCA authorised entities for subsequent investments, by telephone the Transfer Agency Team of the Manager on 0141 222 1150. The Manager may accept applications to purchase units by electronic communication. Electronic communication does not include email.

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

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

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

The Manager reserves the right to charge interest at 4% per annum above the prevailing

Bank of England Base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.

The Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the Manager 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 units has been issued will not be returned to the applicant. Instead, fractions of units will be issued in such circumstances.

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

In respect of all applications for the issue of Units, a contract note will be issued to the unitholder (the first named, in the event of joint holders), normally by the close of the next Business Day following the execution of the transaction. This will show the number of Units purchased and the price. As certificates will not be issued in respect of Units, a Renunciation Form will also be sent with the applicant's contract note. Where appropriate, a notice of the applicant's right to cancel the deal will also be sent along with the contract note or under separate cover within 8 days of the receipt by the Manager of the application for Units. Other than for an initial investment in the Trust, the application monies are due on receipt by the applicant of the contract note.

### *Selling Units*

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

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

In respect of all applications to redeem Units, a contract note will be issued to the

unitholder (the first named, in the event of joint holders), normally by close of the next Business Day following the execution of the redemption, giving details of the Units sold back to the Manager and the price used. Payment will be made by BACS or telegraphic transfer in satisfaction of the redemption request and will be issued by the close of the fourth Business Day following either the day of the calculation of the redemption price or receipt by the Manager of a properly completed and signed Renunciation Form in respect of the appropriate number of Units, whichever is later.

Any request to redeem Units, once given, cannot subsequently be withdrawn.

### *Switching*

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

Switching may be effected by writing to the Manager's Transfer Agency team and the unitholder may be required to complete a switching form (which, in the case of joint unitholders must be signed by all the joint holders). The Manager may at its discretion charge a fee on the switching of units between classes. The Manager may at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The Manager may accept requests to switch Shares by electronic communication. Electronic communication does not include email.

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

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

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

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

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

#### Anti-Money Laundering Procedures

The Manager is subject to the provisions of legislation in force in the United Kingdom to prevent money laundering. The Manager operates detailed internal compliance procedures in relation to each and every application to purchase Units so as to verify the identity and bona fides of the investor and the source of funds offered in consideration of the prospective purchase. This may include the Manager using the services of a licensed reference agency which will record that an enquiry has been made. The type and degree of information required will vary from case to case, and may depend on whether, for example, the prospective Unitholder has been introduced to the Manager by or through the agency of an associate of the Manager or an independent financial intermediary in good standing with the Manager. Specific details of the information required of a prospective investor in Units will be provided to the person concerned in response to his or its application for Units. Failure to comply with the Manager's requests to furnish such information may result in the application for Units being rejected.

#### Cancellation

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

#### In Specie Issue and Cancellation of Units

The Manager may at its discretion and subject to the approval of The Trustee, and the Investment Adviser, arrange for the Trust to accept payment for the issue of Units to be made by transfer of assets other than cash as provided for in the Regulations. In particular, the Manager and Trustee will only do so where satisfied that the acceptance of the assets concerned would not result in any material prejudice to the interests of the Unitholders.

Where a Unitholder requests a redemption of Units representing in value not less than 5% of the value of the scheme property of the Trust, the Manager may by notice of election served on the Unitholder, choose to transfer scheme property of the Trust to him. Any such notice must be served no later than the second Business Day following the receipt of the request for redemption. The Unitholder may then serve a further notice on the Manager requiring the sale of the property and the payment to the Unitholder of the net proceeds of sale. This further notice must be served on the Manager not later than the close of business on the fourth Business Day following the date of receipt of the notice from the Manager.

#### Suspension of Dealings in Units

The issue or redemption of Units may be temporarily suspended by the Manager with the prior agreement of the Trustee or if the Trustee so requires at any time if the Manager or the Trustee as appropriate is of the opinion that there is good and sufficient reason to do so having regard to the interests of all Unitholders. The Manager and the Trustee shall review any suspension at least every 28 days. A suspension shall only continue for as long as it is justified having regard to the interests of Unitholders.

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

If such a suspension occurs, the recalculation of the price of the Units will recommence on the next Dealing Day following the resumption of dealing.

#### Compulsory Redemptions of Units

The Manager may impose such restrictions as it thinks necessary to ensure that no Units are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. The Manager may reject any application for, or sale of, Units. If the Manager becomes aware that:

- any Units are owned directly or beneficially in breach of any law or governmental regulation; or
- the Unitholder in question is not eligible to hold such Units or if the Manager reasonably believes this to be the case; or
- a holding of Units constitutes a breach of the Trust Deed or this Prospectus as to eligibility or entitlement to hold any Units;

then the Manager may give notice requiring the transfer, repurchase or exchange of such Units. If any person does not take such steps within 30 days, he shall then be deemed to have given a written request for the redemption of all of his Units.

A person who becomes aware that he is holding or owning Units in breach of any law or governmental regulation or is not eligible to hold those Units must either:

- transfer all those Units to a person qualified to own them; or
- give a request in writing for the redemption of all such Units unless he has already received such a notice from the Manager to transfer the Units or for them to be repurchased

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

The Trust has been registered as a Registered Deemed Compliant Financial Institution with the Internal Revenue Service of the United States of America as required under the Foreign Account Tax Compliant Act (FATCA) of the United States of America and the Intergovernmental Agreement signed between the governments of the United Kingdom and the United States of America. The Trust will comply with all the requirements of FATCA including the reporting requirements relating to US account holders. Institutional shareholders may be required to provide a Global Intermediary Identification Number (GIIN). The Manager reserves the right to invoke the provisions in section “Compulsory Redemption of Units” where it has not received information requested from a Unitholder within a reasonable period of time or it otherwise has reasonable cause to believe that continued investment by the Unitholder would breach the requirements of FATCA.

The Global Intermediary Identification Number for the Trust is available on request.

#### Minimum Holdings

The minimum initial investment in the Trust is currently £100,000. The minimum value of Units which may be the subject of any one sale or purchase is £100,000. However no Units will be bought back if the Unitholder wishes to redeem less than his entire holding if the redemption would mean that the holder is left holding Units of a value less than £100,000.

Minimum investment amounts may be reduced or waived at the discretion of the Manager.

#### Governing Law

All deals in units are governed by the laws of England and Wales.



## Valuation and Pricing of Units

### Valuation

The property of the Trust will be valued for the purpose of determining prices at which Units may be purchased or redeemed by the Manager as at 12 p.m. in relation to the Trust on every Dealing Day (the “**Valuation Point**”) but may be valued more frequently if the Manager so decides. The Manager reserves the right to revalue the Trust at any time, at its discretion.

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

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

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

### Pricing of Units

Units are priced on a single mid-market pricing basis in Sterling in accordance with the COLL Sourcebook. The Trust deals on a forward pricing basis. As mentioned above, a forward price is a price calculated at the next valuation point after the deal is accepted.

The price of the Unit is the net asset value of the property of the Trust attributable to the relevant Unit class divided by the number of Units of that class in issue.

The net asset value attributable to the Unit class will normally be calculated at the Valuation Point (as specified above). The net asset value attributable to the Unit class is determined by calculation of value of the assets attributable to that class and deducting a liability attributable to that class in accordance with the provisions for calculation set out in the Trust Deed, which is summarised below:

- investments quoted at a single price (whether a transferable security or units or shares in a collective investment scheme) should be valued at that price
- investments in which different buying and selling prices are quoted will be valued at the mid-market price
- other Trust properties should be valued at a fair and reasonable mid-market

value

- derivative and forward transactions should be valued as agreed between the Manager and the Trustee
- adjustments will be made for tax outstanding borrowings and dealing expenses.

Currently, there are only income Units in issue and therefore the price of a Unit is the net asset value of the Trust divided by the number of Units of that class in issue.

#### Dilution Policy

The basis on which the Trust's investments are valued for the purposes of calculating the price of Units as stipulated in the FCA Rules and the Trust Deed is summarised in the section immediately above. This is subject to the application of the dilution policy.

Dealing costs in and spreads between the buying and selling prices of the Trust's underlying investments means that the buying and selling price of the Units calculated for the Trust may differ from the value of the proportionate interests those Units represent in the Trust and dealing at those prices could lead to a reduction in the value of the scheme property of the Trust and so disadvantage other Unitholders. The effect of this is known as "dilution". The Manager may therefore apply a dilution adjustment as defined in the COLL Sourcebook on the issue and/or redemption of Units as outlined below.

A dilution adjustment is an adjustment to the Unit price which is determined by the Manager in accordance with the COLL Sourcebook. The Manager may make a dilution adjustment to the price of a Unit (which means that the price of a Unit is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the Trust (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of units.

Any dilution adjustment will be calculated by reference to the estimated costs of dealing in the underlying investments of the Trust, including any dealing spreads, commission and transfer taxes in accordance with the COLL Sourcebook.

A dilution adjustment will be applied in the following circumstances:

- (a) where over a dealing period the Trust has experienced a large level of net issues or redemptions relative to its size - assessed as 5% or more than the net asset value of the Trust (as calculated at the last available valuation); or

- (b) where the Manager considers it appropriate in order to protect the interests of the continuing Unitholders.

It should be noted that, as dilution is directly related to the inflows and outflows of monies from the Trust, it is not possible to predict accurately whether or not dilution will occur at any particular point in time, and how frequently the Manager will need to make such a dilution adjustment.

If a dilution adjustment is required then, based on future projections the estimated rate or amount of such adjustment will be between 0.36% on sales (creation) and 0.15% on redemptions (liquidation). If a dilution adjustment is not made then this may restrict the future growth of the Trust. The Manager will regularly monitor the rate and frequency of dilution adjustments in respect of the Trust and update this Prospectus accordingly.

#### Publication of Prices

Unitholders can obtain the prices of their units by calling 0141 222 1151 or by visiting [www.trustnet.com](http://www.trustnet.com). These prices will, unless for reasons beyond the control of the Manager, relate to the valuation on the Dealing Day immediately prior to the date of publication.

#### Remuneration and Expenses

##### Manager's Remuneration

##### *Preliminary Charge*

The Manager may currently make a preliminary charge of 10% of the creation price of a Unit on a sale of Units. This charge may be waived in whole or in part at the discretion of the Manager.

##### *Redemption Charge*

There is currently no redemption charge (by way of reduction from the proceeds of redemption) upon redemption of Units, although the Trust Deed contains the power for such a charge to be introduced.

##### *Periodic Charges*

The Manager currently makes the following periodic charges:

- Administration and registration fee

The current rate of the Manager's periodic charge for administration and registration services is 0.15% per annum, calculated on the basis of the value of the Trust's property, subject to a minimum charge of £33,500 per annum.

- Investment management

The current rate of the Investment Adviser's periodic charge for investment management services is 0.5% per annum, calculated on the basis of the value of the Trust's property. The amount of such investment management fee is paid on to the Investment Adviser under the agreement between the Manager and the Investment Adviser.

The Investment Adviser's fee accrues daily and is calculated by reference to the value of the Company managed by the Investment Adviser on the last Business Day of the preceding month. The fee is payable monthly in arrears on receipt of the invoice from the Investment Adviser.

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

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

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

#### Trustees' Remuneration

As remuneration for its services for the Trust, the Trustee is entitled to receive a periodic charge and transaction fees out of the property of the Trust. The periodic fee, which accrues daily and is payable monthly in arrears on the last Business Day of each month, is based on the value of the property of the Trust on the last Business Day of the preceding month and is determined at the Valuation Point on each Dealing Day. The fee is currently 0.0275% on first £50 million, 0.025% between £50 million and £100 million, 0.02% above £100 million (+ VAT) per annum of the value of the property of the Trust, subject to a minimum fee of £2,500 for the first year, £5,000 for the second year and £7,500 thereafter per annum (+ VAT).

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

Item	Range
Transaction Charges	Between £5.00 and £472 per transaction
Safe Custody Charges	<p>Between 0.003% and 0.50%* of the value of investments being held per annum</p> <p>*With the exception of:</p> <ul style="list-style-type: none"> <li>• USA (Physical Securities) - £14 per line per calendar month.</li> <li>• Not in Bank / Not in Custody 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 Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the manager and the Trustee. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

The Manager agrees the rates of these fees with the Trustee from time to time.

#### Expenses

The following further expenses may be paid out of the property of the Trust:

- (a) all reasonable and properly evidenced out of pocket expenses incurred by the Manager in the performance of its duties in respect of the Trust, including any stamp duty reserve tax paid by the Manager in relation to the cancellation of Units (whether or not the amount of that tax has been deducted from the payments made to Unitholders who cancelled their Units);
- (b) certain expenses properly incurred by the Trustee in performing its duties in respect of the Trust, including the following:
  - the fees and expenses and disbursements of any person to whom the

Trustee may delegate any function including custody fees (without limitation);

- expenses incurred in the collection and distribution of income including bank charges, professional and accountancy fees and expenses and disbursements bona fide incurred in respect of the computation claiming or reclaiming of all taxation release and payments;
  - all expenses incurred in the submission of tax returns;
  - all costs and expenses of or incidental to preparation of reports and accounts required to be prepared for the Trustee in relation to the Trust and the costs and expenses of or incidental to the preparation and despatch of any communications from the Trustee to Unitholders; and
  - all such other charges, expenses and disbursements properly incurred by the Trustee in performing its duties in respect of the Trust.
- (c) broker's commission, fiscal charges and other disbursements which are:
- (i) necessary to be incurred in effecting transactions for the Trust; and
  - (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (d) interest on borrowings permitted under the COLL Sourcebook and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (e) taxation and duties payable in respect of the property of the Trust, the Trust Deed or the issue of Units and any stamp duty reserve tax charged in accordance with Schedule 19 of the Finance Act 1999;
- (f) any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Trust Deed where the modification is:
- (i) necessary to implement or necessary as a direct consequence of any change in the law (including changes in the COLL Sourcebook); or
  - (ii) expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders; or

- (iii) to remove from the Trust Deed obsolete provisions;
- (g) any costs incurred in respect of meetings of Unitholders convened by the Trustee or on a requisition by Unitholders not including the Manager or an associate of the Manager;
- (h) liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances as set out in the COLL Sourcebook;
- (i) the audit fee properly payable to the Auditor and VAT thereon plus any proper expenses of the Auditor;
- (j) the periodic fees of the Financial Conduct Authority under the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units are or may be marketed;
- (k) the costs of printing and distributing copies of the Prospectus and the costs of preparing the simplified prospectus (or any successor document required to disclose the key features of the Trust);
- (l) costs of establishing and maintaining the register and/or plan sub-register; and
- (m) such other expenses as may be permitted by the COLL Sourcebook from time to time.

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

#### VAT

The above remuneration and expenses are subject to value added tax where applicable. There are currently some exemptions from VAT in respect of the Manager's charges for management of the Trust's investments and also any initial charge.

#### Allocation of Payments to Income or Capital

All remuneration and expenses are allocated between income and/or capital in accordance with the FCA Regulations and the Act 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 Act. This may constrain capital growth.

## Income

### Accounting and Income Allocation Dates

The annual accounting date of the Trust is 31 March and the interim accounting date of the Trust is 30 September in each year.

The annual income allocation date of the Trust is 31 May and the interim income allocation date of the Trust is 30 November in each year.

### Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period. The amount available for allocation in an accounting period is calculated by:

- (a) taking the aggregate of the income property received or receivable for the account of the Trust for the period;
- (b) deducting the charges and expenses of that Trust paid or payable out of the income of the property for that accounting period;
- (c) adjusting for the Manager's best estimate of tax charge or tax relief on these expenses and charges; and
- (d) making such other adjustments which the Manager considers appropriate in relation to tax and other issues.

Where there is more than one Unit class in issue, income available for allocation will be allocated between the Unit classes based on the respective proportionate interests represented by those Unit classes on a daily basis.

Currently only income Units are in issue. Income is allocated in respect of each annual and interim accounting period by the relevant income allocation date. The income allocated to such Units is distributed to Unitholders. Unitholders of income Units may elect to have net income distributed or reinvested in further Units.

Payment will be made by BACS or telegraphic transfer to the Unitholder's nominated bank account. If the income allocation date is not a Business Day, payment will be made on the next Business Day. No distribution or other monies payable on or in respect of a unit shall bear interest against the Trust.



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

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the Trust.

If, in respect of a particular accounting period, the average income allocation to a Unitholder (disregarding for the purpose any Units held by the Manager or the Trustee or their associates) would be less than £25, the Manager reserves the right (with the agreement of the Trustee) not to make any income allocation and, in such event, the amount of income for that period will be credited to capital (and reflected in the value of Units).

Income will be distributed as a dividend payment where the Trust is deemed to be an Equity Trust or as an interest payment where the Trust is deemed to be a Bond Trust over the relevant accounting period. The treatment of income anticipated by the Manager is given in Appendix 1, although Unitholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Trust has held the minimum Qualifying Investments over the accounting period (see “Taxation” for further details). Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Unitholders when the income is allocated.

#### Income Equalisation

Grouping for equalisation is permitted. This means that Units purchased during an accounting period will contain in their purchase price an amount called equalisation that represents a proportion of the net income of the Trust accrued up to the date of purchase. The total of this amount is taken and each Unitholder shall be refunded an averaged proportion of the equalisation as part of their first income allocation. This, for tax purposes, is treated as being a return of capital. Grouping periods shall be each period commencing at the beginning of an accounting period and ending on the interim accounting date and each period commencing immediately after the interim accounting date and ending on the annual accounting period.

#### **Unitholder Meetings and Information for Unitholders**

##### Approvals and Notifications

Under the COLL Sourcebook, the Manager is required to seek Unitholder approval to, or notify Unitholders of, various types of changes to the Trust.

- *Fundamental Changes*

A fundamental change is a change or event which: changes the purposes or nature of the Trust; or may materially prejudice a Unitholder; or alters the risk profile of the Trust; or introduces any new type of payment out of the property of the Trust. The Manager must, by way of an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed), obtain prior approval from Unitholders for any such change. An extraordinary resolution is required, for example, for a change of investment objective or policy of the Trust.

The convening and conduct of meetings of Unitholders and the voting rights of Unitholders at those meetings is governed by the provisions of the FCA Rules and the Trust Deed.

The Manager may convene a meeting at any time. Unitholders registered as holding at least 1/10th in value of all the Units then in issue may require that a meeting be convened. A requisition by Unitholders must state the objects of the meeting, and be dated and signed by those Unitholders and deposited at the head office of the Trustee. The Manager must convene a meeting no later than eight weeks after receipt of such requisition by the Trustee.

Unitholders will receive at least 14 days' written notice of a meeting (including the day of service of the notice and the day of the meeting). The notice will specify the day, hour and place of the meeting and the resolutions to be put to the meeting. They are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy. If, at an adjourned meeting, a quorum is not present after a reasonable time from the time appointed for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.

The Manager will not be counted in the quorum for a meeting. The Manager and its associates are not entitled to vote at any meeting, except in respect of Units which the Manager or an associate holds on behalf of or jointly with a person who, if himself the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

Every Unitholder who (being an individual) is present in person or (being a corporation) by its properly authorised representative shall have one vote on a show of hands. Where there are joint holders of a Unit, the vote of the holder whose name in the register of Unitholders stands above the names of each other such holder who votes shall be counted to the exclusion of each other vote cast

in respect of that Unit.

A Unitholder may vote in person or by proxy (a person appointed by the Unitholder to attend and vote in place of the Unitholder) on a poll vote. A poll may be demanded by the chairman of the meeting (who shall be a person appointed by the Trustee, or in the absence of such a person, a person nominated by the Unitholders), the Trustee or any two Unitholders.

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

- *Significant Changes*

A significant change is a change or event which is not fundamental but which affects the Unitholder's ability to exercise his rights in relation to his investment; or would reasonably be expected to cause the Unitholder to reconsider his participation in the Trust; or results in any increased payments out of the scheme property of the Trust to the Manager or an associate of the Manager; or materially increases any other type of payments out of the scheme property of the Trust. The Manager must give reasonable prior notice (of not less than sixty days) in respect of any such significant change.

- *Notifiable Changes*

A notifiable change is a change or event of which a Unitholder must be made aware, but which, although considered by the Manager not to be insignificant, is neither a fundamental change nor a significant change. The Manager must inform Unitholders in an appropriate manner and time scale of any notifiable changes that are reasonably likely to affect or have affected the operation of the Trust.

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

## Reports

The Manager will send free of charge to Unitholders the Manager's reports within four months of the end of each annual accounting period, and within two months of the end of each half yearly accounting period.

The Manager will also, on request, provide free of charge to any person copies of the most recent interim and annual Manager's reports, which may be inspected at the Manager's offices at 45 Gresham Street, London, EC2V 7BG.

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

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

## Trust Deed and Prospectus

Copies of the Trust Deed, any supplemental trust deeds and the current Prospectus and simplified prospectus are kept at and may be inspected at the Manager's offices between 9 a.m. and 5 p.m. on each Business Day. Copies of the Trust Deed and any supplemental trust deeds may be obtained by a Unitholder on payment of a reasonable charge from the Manager at 45 Gresham Street, London, EC2V 7BG. Copies of the Prospectus and simplified prospectus may be obtained free of charge by any person on request to the Manager at 45 Gresham Street, London, EC2V 7BG.

## Taxation

The following summary is only intended as a general summary of United Kingdom ("UK") tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Trust and to individual and corporate investors who are the absolute beneficial owners of a holding in the Trust held as an investment. The summary's applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

The following is divided into sections relating to "Bond Trust" and "Equity Trust". A "Bond Trust" is a Trust which invests more than 60% of its market value in "Qualifying Investments" (at all times in each accounting period). The term "Qualifying Investments" includes money placed at interest and securities that are not units, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Trust and the investors within it are treated separately in this Section.

### Taxation of an Equity Trust

#### *Taxation of Capital Gains*

The Trust is not subject to UK taxation on capital gains arising on the disposal of its investments. Should the Trust be considered to be trading in securities under the Taxation of Chargeable Gains Act 1992, and to the extent an investment is disposed in non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

#### *Tax on Income*

An Equity Trust will be liable to UK corporation tax at a rate equal to the lower rate of income tax (currently 20%) on other types of income but after deducting allowable expenses (which include fees payable to the Manager and to the Trustee). Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income received after 1 July 2009 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 including Germany, France, Portugal, Russia and Ukraine 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. This is based on guidance provided to the investment fund industry by the Investment Management Association.

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

#### Relief for Foreign Withholding Taxes

Prior to 1 July 2009, to the extent that the Trust receives income from investments in foreign countries, or from the countries listed above after 1 July 2009, it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to taxable income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, up to certain limits, as a credit against UK corporation tax.

#### Taxation of a Bond Trust

##### *Taxation of Capital Gains - Numbering*

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

##### *Tax on Income*

Bond Trusts 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. Such income will be computed according to the generally accepted accounting practice relevant to the Trust.

The total of the above elements will be taxed under Loan Relationship rules. Any income received from UK equities will be taxed in the same way as for an Equity Trust, as noted above.

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

distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant in two material respects:

- distributions made should be deductible for corporation tax purposes against UK taxable income; and
- UK income tax, currently at a rate of 20%, should be deducted from distributions made by the Bond Sub-Fund and accounted for by it to HM Revenue & Customs. However the obligation to deduct income tax from interest distributions does not apply in certain cases, notably where a non-resident beneficial owner of the units makes a valid declaration (“NOR declaration”) to the Trust in advance of a distribution being made or the distribution is paid to certain categories of qualifying intermediary.

Schedule D Case III income, less gross interest distributions for UK corporation tax purposes, expenses (including Manager’s and Trustee’s fees) and non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the lower rate of income tax (currently 20%). It is not expected that the corporation tax charge will be significant.

The Unitholder - Equity Trust

#### *Income Distributions*

Accumulations and distributions of income (hereinafter ‘distributions’) comprise income for UK tax purposes. Except for unitholders within the charge to corporation tax (as explained below), dividend distributions to UK resident unitholders carry a tax credit equivalent to 10% of the aggregate of the distribution and the tax credit (i.e. one-ninth of the amount distributed/accumulated).

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on the sum of their distributions and associated tax credits but will be entitled to set the tax credits against their UK income tax liability. Associated tax credits will satisfy the liability to income tax of basic rate taxpayers. Higher rate taxpayers who are individuals will have additional tax to pay, the distributions and associated tax credits being taxed at a special rate of 32.5% with the offset of a 10% tax credit. If the total income of a unitholder who is an individual is less than his/her personal allowances, or if the unitholder is a non-taxpayer, the associated tax credits applicable to dividend distributions cannot be repaid. Dividend tax credits in excess of the individual’s tax liability are not repaid.

From 6 April 2013, Additional Rate Taxpayers (“ART”) are required to pay tax at 37.5% on dividend income exceeding £150,000 less tax credits; taxable income over £150,000

will be subject to additional rate tax of 45%.

Individuals with a net adjusted income of £100,000 will also have their personal allowances reduced £1 for every £2 on the income above this income limit. The personal allowance will be reduced to nil from an income level approximately £115,000. These limits may change in the future.

Distributions to unitholders within the charge to corporation tax are deemed to comprise two elements:

- where an Equity fund's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such unitholders after deduction of income tax at the lower rate, currently 20% ("deemed tax deducted"). Such unitholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted. This repayment is, however, restricted to the lower of the deemed tax deducted and the unitholder's share of the Equity fund's corporation tax liability (after double tax relief on overseas income) for the period; and
- the remainder, which comprises franked investment income after grossing up the net distribution for the 10% tax credit. Such franked investment income, as it is known, is exempt from UK corporation tax.

Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the Equity Trust concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### *Taxation of Capital Gains*

Unitholders who are resident or, if applicable, ordinarily resident in the UK for tax purposes may be liable to capital gains tax or, if a company, corporation tax in respect of gains arising from the sale or other disposal of Units.

Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt unitholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of units.



Unitholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the “loan relationships” provisions mentioned below in relation to Bond Trusts could apply.

Special rules apply to life insurance companies who beneficially own units.

### *Inheritance Tax*

A gift by a unitholder of his unitholding in the Trust or the death of a unitholder may give rise to a liability to inheritance tax, except where the unitholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a unitholding at less than the full market value may be treated as a gift.

### The Unitholder - Bond Trust

#### *Income Distributions: Interest Distributions*

Distributions comprise income for UK tax purposes. Unitholders will be taxable on the gross amount distributed. Except in the case of an exemption from the obligation to deduct income tax (for instance, where a valid non-resident investors’ declaration has been made or the distribution is paid to certain categories of qualifying intermediary), the amount actually received will be net of tax at the lower rate, currently 20%. The amount to be taxed on the recipient is at present equal to the amount received plus a quarter.

Unitholders will be treated as already having paid 20% income tax on this income, and individuals liable to starting or basic rate tax will have no further tax to pay. Higher rate taxpayers will have an additional liability of 20% of the grossed up amount, but those with no liability at all or who are only liable at the starting rate for savings may be able to claim a refund. If this starting rate is used by employment income then the refund for starting rate for savings is not available. Additional rate taxpayers will have an additional liability of 25% of the grossed up amount.

Corporate unitholders will be able to set the income tax deducted against tax payments due to HM Revenue & Customs or claim repayment where there are none.

Non UK resident unitholders, on completing the appropriate declarations, may be entitled to receive distributions gross of tax. Exempt unitholders, which include UK charities, UK approved pension funds, ISAs, should be able to recover the tax deducted from HM Revenue & Customs.

### *Income Distributions: Non Interest Distributions*

These will be taxed in the same way as noted above for an Equity Trust.

### *Taxation of Capital Gains*

Unitholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of units. Individuals and certain companies generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units and will be taxable at the capital gains tax rate. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt unitholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of units.

In respect of unitholders subject to corporation tax, holdings in the Trust will be treated as holdings of loan relationships. Gains will be recognised using the mark to market method (which entails holdings being valued at the end of each accounting period and unrealised gains being recognised/taxed and unrealised losses being recognised/relieved). No indexation allowance or taper relief is available.

### *Inheritance Tax*

A gift by a unitholder of his unitholding in the Trust or the death of a unitholder may give rise to a liability to inheritance tax, except where the unitholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a unitholding at less than the full market value may be treated as a gift.

### *EU Savings Directive*

The EU Council Directive 2003/48/EC on taxation of savings income (the “Directive”) came into force on 1 July 2005. Member States of the European Union (“Member States”) are required to provide the tax authorities of other Member States details of payments of interest and other similar income (which in the case of a collective investment fund may include income arising as a result of the sale and redemption of the Trust’s units) paid by a person who is a “paying agent” for the purposes of the Directive to an individual (or certain “residual entities”) resident for the purposes of the Directive in another Member State. However, Austria, Belgium and Luxembourg will instead impose a system of withholding tax for a transitional period unless during such period they elect otherwise.

## Stamp Duty Reserve Tax (“SDRT”)

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

## General Matters

### Winding up of the Trust

The Trustee shall proceed to wind-up the Trust if any of the following occurs:

- (1) the authorisation order of the Trust is revoked;
- (2) the passing of an extraordinary resolution winding-up the Trust, provided the FCA’s prior consent to the resolution has been obtained by the Manager or the Trustee;
- (3) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order of the Trust, the FCA has agreed, subject to there being no material change in any relevant factor that upon the conclusion of the winding-up of the Trust the FCA will agree to that request; or
- (4) the effective date of a duly approved scheme of arrangement which is to result in the Trust subject to the scheme of arrangement being left with no property.

If any of the events set out above occurs, the provisions of Chapter 5 of the COLL Sourcebook (concerning pricing, investment and borrowing powers) and Chapter 6, Parts 2 and 3 of the COLL Sourcebook (concerning dealing and pricing) will cease to apply. The Trustee shall cease the issue and cancellation of units and the Manager will stop redeeming and selling Units.

In the case of a scheme of arrangement referred to above, the Trustee shall wind up the Trust in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after a Trust falls to be wound-up, realise the assets of the Trust and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings (upon production by them of such evidence, if any, as the Trustee may reasonably require as to their entitlement).

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request that the FCA revoke the authorisation order of the Trust.

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

#### General Information

Persons not resident in the United Kingdom who are interested in purchasing Units should inform themselves as to:

- (a) the legal requirements within their own countries for subscription of Units;
- (b) any foreign exchange restrictions; and
- (c) the income, estate and other tax consequences of becoming a Unitholder.

It is the responsibility of any person not resident in the United Kingdom making an application for Units to satisfy himself as to full observance of the laws of the relevant territory, including obtaining any governmental or other consents which may be required or observing any formality which needs to be observed in such territory.

#### Communications

Notices or documents will be sent to Unitholders by first class post, and copies may also be made available by facsimile and / or secure email.

The address of the head office and the place for service on the Trust of notices or other documents required or authorised to be served on it is 45 Gresham Street, London, EC2V 7BG.

#### Complaints

Complaints about any aspect of the Manager's service should in the first instance be

made in writing to the Compliance Officer of the Manager at 45 Gresham Street, London, EC2V 7BG. If the complaint is unresolved the Unitholder may have the right to refer it to the Financial Ombudsman, South Quay Plaza, 183 Marsh Wall, London E14 9SR, telephone number 0845 080 1800. A copy of the Manager's Internal Complaint Handling Procedure is available on request. In the event of the Manager being unable to pay a valid claim against it, the Unitholder may be entitled to compensation from the Financial Services Compensation Scheme.

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

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

### Compensation

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

### Telephone Recordings

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

### Best Execution

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

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

#### Inducements and Soft Commission

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

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

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

#### Genuine Diversity of Ownership (GDO)

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

The intended categories of investors are retail and institutional investors.

## **Appendix 1: The Trust**

### **1. Investment Objective and Policy**

#### *Objective*

The objective of the Trust is to enhance total return and provide long-term growth. Whilst income is of secondary importance, there will be annual distributions.

#### *Policy*

The Manager's policy is to achieve this objective through a portfolio of UK and international equities, bonds and cash as appropriate.

The Trust will also have the power to invest in other collective investment schemes and money market instruments. Additionally it may invest in derivative and forward transactions, but only for the purposes of efficient portfolio management. The Manager does not envisage entering into hedging transactions to a major extent. The Manager may also invest in immovables (real property).

The assets of the Trust will be invested with the aim of achieving the investment objective set out above and must be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook, the Trust Deed and this Prospectus.

### **2. Benchmark**

Unitholders may compare the performance of the Trust against the ARC Balanced Asset PCI. Comparison of the Trust's performance against this benchmark will give Unitholders an indication of how the Trust 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 Trust, nor is the Trust constrained by the benchmark.

### **3. Investment Adviser**

The Manager has appointed Close Asset Management Limited of 10 Crown Place, London, EC2A 4FT as investment adviser in respect of the Trust. The activity of the investment adviser is investment management and the giving of advice.

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

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

#### **5. Classes of Units**

Income Units.

#### **6. Accounting Dates**

Annual accounting date: 31 March

Interim accounting dates: 30 September

#### **7. Income Allocation Dates**

Annual income allocation date: 31 May

Interim income allocation date: 30 November

#### **8. Risk Factors**

The general risk factors as set out in the Prospectus shall apply.

#### **9. Reports**

Annual report published by: 31 July

Interim report published by: 30 November

#### **10. Charges taken from Income or Capital**

Fifty percent (50%) of all remuneration and expenses (other than those relating directly to the purchase or sale of investments) shall be charged to the capital account of the Trust, and the remaining fifty percent (50%) will be allocated to



the income account of the Trust. Such allocation of remuneration and expenses to the capital account of the Trust may result in capital erosion or constrain capital growth.

Those expenses relating directly to the purchase and sale of investments shall be taken from capital.

If at the end of an accounting period there is insufficient income the shortfall may be allocated to capital, which may constrain capital growth.

**11. Charge for investment research**

None.

**12. Income to be distributed as a dividend or interest?**

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

**13. Government and Public Securities Issuers**

More than 35% of the Trust's property may be invested in Government and public securities issued or guaranteed by or on behalf of 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, or by the European Central Bank, the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development or the European Investment Bank or by any one of the following governments:

Australia	Germany	Norway
Austria	Greece	Poland
Belgium	Hungary	Portugal
Bulgaria	Ireland	Romania
Canada	Italy	Spain
Czech Republic	Japan	Sweden
Denmark	Luxembourg	Switzerland
Finland	Netherlands	Turkey
France	New Zealand	United States of America

## 14. Eligible Securities Markets

Generally, the Trust will invest in approved securities which are transferable securities admitted to official listing in the UK or a Member State, or are traded on eligible securities markets, or are recently issued transferable securities which are to be so listed or traded. "Eligible securities markets" for the Trust as at the date of this Prospectus are as follows:

- markets established in the UK or Member States of the European Union, or any other State which is within the European Economic Area ("Member State") on which transferable securities admitted to official listing are traded, and
- markets which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the property of the Trust having regard to the relevant criteria in the COLL Sourcebook. Such markets must operate regularly and be regulated, recognised and open to the public.

As at the time of this Prospectus, the following specific markets have been deemed eligible markets:

<i>Country</i>	<i>Market</i>
Hong Kong	Hong Kong Exchanges and Clearing Company
Switzerland	SIX Swiss Exchange
South Africa	JSE Limited
United States of America	New York Stock Exchange

AIM in the UK;

The OTC Market(s) in US securities, regulated by FINRA and SEC; NASDAQ in the United States of America;

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

**The OTC Market(s) in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organization of Canada.**

## 12. Eligible Derivative Markets

NYSE LIFFE

CME Group

**15. Establishment of Collective Investment Schemes**

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

Any member state of the UK or the European Economic Area

Australia

Bermuda

Canada

Cayman Islands

Channel Islands

Isle of Man

Japan

Singapore

Switzerland

United States

## Appendix 2: Investment Powers and Limits

The Trust is classified as a “non-UCITS retail scheme”.

### General

The Manager must ensure that, taking account of the investment objective and policy of the Trust, the scheme property of the Trust aims to provide a prudent spread of risk.

An aim of the restrictions on investment and borrowing powers set out in the COLL Sourcebook is to help protect Unitholders by laying down minimum standards for the investments that may be held. There are requirements for the types of investments which may be held by the Trust. There are also a number of investment rules requiring diversification of investment of the Trust, and so providing a prudent spread of risk.

The rules relating to spread of investments do not apply during any period in which it is not reasonably practical to comply, provided that the Manager aims to provide a prudent spread of risk.

### Types of investment

For a non-UCITS retail scheme, such as the Trust, the scheme property may consist of any one or more of:

- (a) transferable securities;
- (b) units in collective investment schemes;
- (c) money market instruments;
- (d) deposits;
- (e) derivatives and forward transactions;
- (f) immovables (real property); and
- (g) gold (up to a 10% limit);

in each case as is permitted for a non-UCITS retail scheme under the provisions of Section 5.6 of the COLL Sourcebook.

The Trust may, in principle, invest in up to 100% in any of the types of assets mentioned in paragraphs (a)-(f) above (but not in gold). The object of the Trust is to invest the scheme property in transferable securities, units in collective investment schemes, money market instruments, deposits, derivative instruments and forward transactions, and immovables (real property) in accordance with the COLL Sourcebook provisions applicable for non UCITS retail schemes, and subject to any more restrictive provisions set out in this Prospectus, with the aim of spreading investment risk and giving Unitholders the benefit of the results of the management of that property.

The following paragraphs summarise the restrictions for non-UCITS retail schemes generally under the COLL Sourcebook. However, the Trust is managed subject to its investment objective, and this indicates the likely type of investments which will be held. Accordingly, the Trust will invest predominantly in transferable securities. The Manager does not intend to use derivatives for the Trust (if at all) other than for the purposes of efficient management of the portfolio as explained further below.

- Transferable securities

*What is a transferable security?*

A transferable security is an investment which is any of the following: a share, a debenture, a government and public security, a warrant or a certificate representing certain securities. An investment is not a transferable security if title to it cannot be transferred, or can be transferred only with the consent of a third party (although, in the case of an investment which is issued by a body corporate and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored). 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.

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

- the potential loss which the Trust may incur with respect to holding the transferable securities is limited to the amount it paid for it;
- its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder;
- a reliable valuation is available for it as follows: (i) for a transferable security admitted to or dealt in on an eligible market, there are accurate

reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers; and (ii) for a transferable security not admitted to or dealt in on an eligible market, there is a valuation on a periodic basis which is derived from information from the issuers of the transferable security or from competent investment research);

- appropriate information is available for it as follows: (i) for a transferable security admitted to or dealt in on an eligible market, there is regular accurate and comprehensive information available to the market on that security or, where relevant on the portfolio of the transferable security; and (ii) for a transferable security not admitted to or dealt in on an eligible market, there is regular and accurate information available to the Manager on the transferable security or relevant on the portfolio of the transferable security;
- it is negotiable; and
- its risks are adequately captured by the risk management process of the Manager.

Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to, or dealt in on, an eligible market is presumed not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder and to be negotiable.

Note that a unit in a closed ended fund is taken to be a transferable security provided it fulfils the above criteria and either:

- where the closed ended fund is constituted as an investment company or a unit trust:
  - it is subject to corporate governance mechanisms applied to companies; and
  - 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
- where the closed ended fund is constituted under the law of contract:

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

(Shares in UK investment trusts are classified as transferable securities.)

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

The Trust may invest in any other investment which may be taken to be a transferable security for the purposes of investment by the Trust provided that the investment fulfils the criteria set out above and is backed by or linked to the performance of other assets which may differ from those in which a scheme can invest.

Where such an investment contains an embedded derivative component, the requirements with respect to derivatives and forwards will apply to that component.

#### *What are “approved securities”?*

The Trust will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, a regulated market as defined for the purposes of the COLL Sourcebook.

#### *Limited investment in unapproved securities*

Not more than 20% in the value of the Trust’s property is to consist of transferable securities which are not approved securities or which are recently issued transferable securities as explained below (together with any money market instruments other than any approved money market instruments which are not admitted to or dealt in on an eligible market (as explained below) provided the money market instruments are liquid and have a value which can be determined accurately at any time).

#### *Eligible Markets*

An Eligible Market for the purpose of the FCA Rules is:

- a regulated market, which is a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third party buying and selling interests in

financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Markets in Financial Instruments Directive (MiFID);

- a market in the UK or an EEA state which is regulated, operates regularly and is open to the public; or
- a market which the Manager, after consultation with, and notification to, the Trustee, determines is appropriate for the purpose of investment of, or dealing in, the property of the Trust and as set out in Appendix 1 to this Prospectus. In accordance with the relevant criteria in the COLL Sourcebook, such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

The eligible securities markets for the Trust are as set out in Appendix 1.

#### *Recently issued transferable securities*

Recently issued transferable securities may be held by the Trust provided that:

- the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- such admission is secured within a year of issue.

- **Collective Investment Schemes**

Investments may be made in units or shares of collective investment schemes (the “second scheme”) subject to the following restrictions:

#### *Relevant types of collective investment scheme*

The Trust may invest in a collective investment scheme if that second scheme:

- (a) be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (for example, it is a UK authorised fund which is a UCITS scheme) as implemented in the EEA; or



- (b) is a UK authorised fund which is a non-UCITS retail scheme, or
- (c) is a scheme recognised under the provisions of Section 272 of the Financial Services and Markets Act 2000; or
- (d) is constituted outside the United Kingdom and has investment and borrowing powers which are the same or are more restrictive than those of a non-UCITS retail scheme; or
- (e) is a scheme which does not fall within any of the above categories and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested.

In each case:

- the second scheme must operate on the principle of prudent spread of risk.
- the second scheme must be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes (unless COLL 5.6.10AR applies).
- the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price which is related to the net value of the property to which the units relate and which is determined in accordance with the scheme.

(In the case of an umbrella fund, these requirements of the second scheme apply to the relevant sub fund of that umbrella scheme.)

Any second schemes in which the Trust invests will be established in the locations listed in Appendix 1. The Trust may invest in second schemes established in locations not currently listed in Appendix 1 provided the second scheme satisfies the requirements of this Prospectus and the FCA Regulations, where this occurs the list in Appendix 1 will be updated and an updated Prospectus issued.

#### *Feeder schemes*

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

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

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

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

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

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

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

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

### *Spread restrictions*

Whilst investment is possible in schemes in any of the categories mentioned in paragraphs (a) to (e) above, not more than 35% in value of the scheme property of the Trust is to consist of units or shares in any one collective investment scheme. (For the purposes of this spread requirement, if investment is made in Sub-Funds of an umbrella scheme, each Sub-Fund is treated as if it were a separate scheme.)

### *Investment in associated collective investment schemes*

The Trust may invest in units or shares of collective investment schemes and pay any related charges or expenses for investing in such units or shares. Where the schemes invested in are managed, operated or administered by the Manager (or one of its associates) the rules on double charging contained in the FCA Regulations must be complied with.

Note that, for this purpose, dilution and SDRT provisions are not regarded as part of any charge. The intention is to prevent any double charging of the preliminary charge on investment, or redemption charge on disinvestment.

- Money market instruments

#### *What is an “approved money market instrument”?*

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 can be accurately determined at any time.

- normally dealt in on the money market

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 the instrument which has a maturity as

set out in (a) or (b) or is subject to yield adjustment as set out in (c).

- regarded as liquid

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 Manager to redeem Units at the request of any qualifying Unitholder.

and

- has a value which can be accurately determined at any time

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

- they enable the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- they are based either on market data or on valuation models including systems based on amortised costs.

#### *Eligible money market instruments*

Generally investment may be made in the following type of money market instruments:

#### **Money market instruments admitted to/dealt in on an Eligible Market**

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, and so be an Approved Money Market Instrument, unless there is information available to the Manager that would lead to a different determination.

#### **Money market instruments with certain regulated issuers**

In addition to instruments admitted to or dealt in on an eligible market, a non UCITS retail scheme may invest in an approved money market instrument provided:

- the issue or the issuer is regulated for the purpose of protecting investors and savings

This is regarded as being the case if:

- the instrument is an approved money market instrument (as explained above);
- appropriate information is available for the instrument (including information which allows an appropriate assessment of credit risks related to investment in it);

Generally, the following information must be available:

- (i) 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;
- (ii) updates of that information on a regular basis and whenever a significant event occurs; and
- (iii) available and reliable statistics on the issue or the issuance programme, or where appropriate, other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

In the case of an approved money market instrument issued or guaranteed by a central authority of the UK or an EEA state, the Bank of England, if the EEA state is a federal state, one of the members making up the federation, the European Union or the European Investment Bank or 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 which is issued by a regional or local authority of the UK or an EEA state or a public international body to which the UK or one or more EEA states belong and is guaranteed by 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,

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;

and

- the instrument is freely transferable.
- the instrument is:
  - issued or guaranteed by any one of the following: 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; a regional or local authority of the UK or an EEA state; the European Central Bank or a central bank of an EEA state; the Bank of England, the European Union or the European Investment Bank; a non EEA state other than the UK or, in the case of federal state, one of the members making up the federation; a public international body to which the UK or one or more EEA member states belong; or
  - issued by a body, any securities of which are dealt in on an eligible market; or
  - issued or guaranteed by an establishment which is: (i) subject to prudential supervision in accordance with the 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.

(This latter condition is considered satisfied if it is subject to and complies with prudential rules and fulfils one or more of the following criteria: it is located in the UK or the EEA; it is located in an OECD country belonging to the Group of Ten; it has at least investment grade rating or, on the basis of an in depth analysis of the issuer, it can be demonstrated that prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Community law.)

#### **Other money market instruments with a regulated issuer**

In addition to instruments admitted to or dealt in on an eligible market, the Trust may also, with the express consent of the FCA (which takes the form of a

waiver under Section 148 of the Financial Services and Markets Act 2000), invest in an approved money market instrument provided:

- the issuer or issuer is itself regulated for the purpose of protecting investors and savings on the basis explained above;
- investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements explained above; and
- the issuer is a company whose capital and reserves amount to at least €10 million and which presents and publishes its annual accounts in accordance with Directive 2013/34/EU (as amended) (or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable), is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

A securitisation vehicle is a structure, whether in corporate, trust or contractual form, set out for the purpose of securitisation operations.

A banking liquidity line is a banking facility secured by a financial institution which is an establishment subject to prudential supervision in accordance with criteria defined by European Community law or in an establishment which is subject to, and complies with, prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

#### *Limited investment in unapproved money market instruments*

Not more than 20% in value of the scheme property of the Trust may consist of money market instruments which are neither approved money market instruments admitted to or dealt on an eligible market (defined on the same basis explained above in relation to eligible markets for transferable securities) nor approved money market instruments with a regulated issuer, provided the money market instruments are liquid and have a value which can be determined accurately at any time (together with any transferable securities which are not approved securities or recently issued transferable securities as explained above under the heading 'Limited investment in unapproved securities').

- Deposits

The Trust may invest in deposits only if it is with an Approved Bank and is

repayable on demand or has the right to be withdrawn, and matures in no more than 12 months.

- Derivatives

Under the COLL Sourcebook, a non-UCITS retail scheme may enter into transactions in derivatives subject to certain detailed restrictions, and provided that the transaction in a derivative does not cause the Trust to diverge from its investment objectives.

*Permitted underlying assets for derivative transactions*

The underlying of any transaction in a derivative must consist of any one or more of the following to which the scheme is dedicated:

- transferable securities;
- approved money market instruments (i.e. money market instruments admitted to, or dealt in on, an eligible market or with a regulated issuer as explained above);
- deposits;
- permitted derivatives;
- units in a collective investment scheme;
- immovables (real property);
- gold;
- financial indices which satisfy certain criteria;
- interest rates;
- foreign exchange rates; and
- currencies;

and the exposure to the underlying must not exceed the spread restrictions explained below.

The Trust may not undertake a transaction in derivatives on commodities.



The financial indices mentioned above are those which satisfy the following criteria:

- the index is sufficiently diversified

A financial index is sufficiently diversified if 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; where it is composed of assets in which the Trust is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out for the Trust; and, where it is composed of assets in which the Trust cannot invest it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration applicable to the Trust;

- the index represents an adequate benchmark

A financial index represents an adequate benchmark for the market to which it refers if it measures the performance of a representative group of underlyings in a relevant and appropriate way; it is revised or rebalanced periodically to ensure that it continues to reflect the market to which it refers, following criteria which are publicly available; and the underlying is sufficiently liquid, allowing users to replicate it if necessary; and

- the index is published in an appropriate manner

An index is published in an appropriate manner if 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 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.

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 any other underlyings which are permitted underlyings for a transaction in derivatives mentioned above, be regarded as a combination of those underlyings.

### *Permitted derivative transactions for UCITS schemes*

Subject to certain detailed restrictions, a transaction in derivatives or a forward transaction may be effected for the Trust if it is:

- a permitted transaction; and
- the transaction is covered;

in each case on the basis explained below.

For any derivative transaction, there are requirements specified if that transaction will or could lead to the delivery of property, and there must be an appropriate risk management process in place.

### *Permitted transactions*

A transaction in a derivative must be either:

- in an approved derivative, i.e. a transaction effected on or under the rules of an eligible derivatives market

Eligible derivatives markets are those which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the property of the fund with regard to the relevant criteria set out in the Sourcebook and the formal guidance on eligible markets issued by the FCA as amended from time to time. The eligible derivatives markets for the Trust are set out in Appendix 1.

or

- subject to restrictions, an OTC derivative transaction

Any transaction in an OTC derivative must be:

- 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 permits it to enter into transactions as principal off - exchange.
- on approved terms

The terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Trustee is satisfied that the counterparty has agreed with the Manager:

- to provide at least daily and at any other time at the request of the Manager 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 will, at the request of the Manager, enter into a further transaction to close out that transaction at any time at a fair value arrived at under the reliable market value basis or the pricing model agreed under the next paragraph.
- capable of reliable valuation

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

- on the basis of an up to date market value which the Manager and the Trustee have agreed is reliable; or
  - if the value referred to above is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology.
- and
- subject to verifiable valuation

A transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into), verification of the valuation is carried out by:

- an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
- a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

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

Any forward transaction must be made with an Eligible Institution or an Approved Bank.

#### *Derivatives exposure*

The requirements for cover are intended to ensure that the Trust is not exposed to the risk of loss of the property, including money, to an extent greater than the net value of the scheme property. Therefore the Trust is required to hold scheme property sufficient in value or amount to match the exposure arising from the derivative obligation to which the scheme is committed.

A transaction in derivatives or a forward transaction may only be entered into if the maximum exposure, in terms of the principle or notional principle created by the transaction to which the Trust is or may be committed by another person is covered globally. Exposure is covered globally if adequate cover from within the scheme property of the Trust is available to meet the Trust's total exposure, taking into account the value of the underlying assets and any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

The global exposure relating to derivatives held in the Trust may not exceed the net value of the scheme property.

Cash not yet received into the scheme property but due to be received within one month is available as cover.

Property which is the subject of a stock lending transaction is only available for cover if the Manager 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.

Cash obtained from borrowing, and borrowing which the Manager reasonably regards an eligible institution or approved bank to be committed to provide, is not available for cover unless the Trust borrows an amount of currency from an eligible institution or approved bank and keeps an amount in another currency at least equal to the borrowing for the time being in the initial amount of currency on deposit with the lender (or his agent and nominee) in which case the requirements for cover applies if the borrowed currency and not the deposited currency were part of the scheme property.

The Manager must (as frequently as is necessary) re-calculate the amount of cover required in respect of derivatives and forward positions already in existence. Derivatives and rights under forward transactions may be retained in the scheme property only so long as they remain covered globally.

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

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Trust may be entered into only if:

- that property can be held for the account of the Trust; and
- the Manager, having taken reasonable care, determines that delivery of the property under that transaction will not occur or will not lead to a breach of the applicable restrictions.

#### *Requirement to cover sales*

No agreement by or on behalf of the Trust 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 Trust by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- such property and rights are attributable to the Trust at the time of the agreement.

However this requirement does not apply to a deposit. Nor does this requirement apply where:

- 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
- the Manager or the Trustee has the right to settle the derivative in cash, and cover exists within the scheme property which falls within one or more of the following asset classes: cash; liquid debt instrument (e.g. government bonds of first credit rating) with appropriate safeguards; or other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments (subject to appropriate safeguards).

(For this purpose 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.)

#### *Exposure to underlying assets*

Where the Trust invests in derivatives, the exposure to the underlying assets must not exceed the spread limits explained in “Spread requirements” below, save that where the Trust invests in an index based derivative, provided the relevant index falls within the definition of “relevant index” (being an index which satisfies the following criteria: (i) the composition is sufficiently diversified; (ii) the index represents an adequate benchmark for the market to which it refers; and (iii) the index is published in an appropriate manner), the underlying constituents of the index do not have to be taken into account for the purposes of the spread requirements. Such relaxation in respect of index based derivatives is subject to the requirement for the Manager to maintain a prudent spread of risk.

A derivative includes an instrument which fulfils the following criteria:

- it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- it does not result in the delivery or the transfer of assets other than those referred to regarding permitted types of scheme property for the Trust including cash;

- in the case of an OTC derivative, it complies with the requirements for OTC transactions in derivatives explained above;
- its risks are adequately captured by the risk management process of the Manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

*Transferable securities and money market instruments embedding derivatives*

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

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

- 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 standard alone derivative;
- its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

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.

The following list of transferable securities and approved money market instruments (which is illustrative and non-exhaustive) could be assumed to embed a derivative:

- credit linked notes;
- transferable securities or approved money market instruments whose performance is linked to the performance of a bond index;
- transferable securities or approved money market instruments whose performance is linked to the performance of a basket of shares, with or without active management;
- transferable securities or approved money market instruments with a fully guaranteed nominal value whose performance is linked to the performance of a basket of shares with or without active management;
- convertible bonds; and
- exchangeable bonds.

The Trust cannot use transferable securities or approved money market instruments which embed a derivative to circumvent the restrictions regarding use of derivatives.

Transferable securities and approved money market instruments which embed a derivative are subject to the rules applicable to derivatives as outlined in this section. It is the Manager's responsibility to check that these requirements are satisfied. The nature, frequency and scope of checks performed will depend on the characteristics of the embedded derivatives and on their impact on the Trust, taking into account its stated investment objective and risk profile.

*Risk management: derivatives*

As mentioned below, the Manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of the Trust's positions and their contribution to the overall risk profile of the Trust. This process must take into account the investment objectives and policy of the Trust.

*Proposed use of derivatives by the Trust*

**It is intended that derivatives will be used for the Trust (if at all) only for the purposes of efficient management of the Trust, and not for investment purposes.** Transactions for efficient management of the Trust are transactions which are reasonably regarded by the Manager as economically appropriate, and which are permitted by the COLL Sourcebook to be effected, in order to achieve



a reduction in certain risks or costs or the generation of additional capital or income for the Trust with an acceptably low level of risk. There is no limit on the amount or value of the property of the Trust which may be used for such efficient management purposes, but the Manager will only enter into the transaction if it reasonably believes the transaction to be economically appropriate. The types of transactions in which the Trust may engage include derivatives (i.e. futures, options or contracts for difference) which are dealt in or traded on an eligible derivatives market (as listed in Appendix 1) or, in special circumstances, "off-exchange options" or "synthetic futures" and forward transactions in currencies with certain counterparties.

**Accordingly, it is not anticipated that the use of derivatives by the Trust as described in this Prospectus will have any adverse effect on the risk profile of the Trust.**

The following types of risk are relevant in relation to efficient management of the Trust:

- market risk;
  - interest rate risk;
  - credit risk; and
  - foreign exchange (FX) risk.
- Immovable property

Investments may include immovables (real property), where such real property complies with the restrictions set out in the COLL Rules. However, the Manager does not currently intend to make any investment in such assets and will not invest in immovables without Unitholders receiving appropriate notification and this Prospectus shall be updated accordingly to include the appropriate investment restrictions.

#### Spread Requirements

There are limitations on the proportion of the value of the Trust which may be held in certain forms of investment.

#### *General spread requirements*

The general spread requirements for a non-UCITS retail scheme are as follows:

- (a) not more than 10% in value of the Trust's property is to consist of transferable securities or money market instruments issued by a single body (and in applying these limits certificates representing certain securities are treated as equivalent to the underlying security). This limit of 10% is raised to 25% in value of the scheme property in respect of covered bonds.
- (b) not more than 35% in value of the Trust is to consist of units or shares in any one collective investment scheme; and
- (c) not more than 20% in value of the Trust's property is to consist of deposits with a single body;
- (d) the exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Trust's property.

In applying the spread requirements, a single body is:

- in relation to transferable securities and money market instruments, the person by whom they are issued; and
- in relation to deposits, the person with whom they are placed.

#### *Government and public securities*

The above restrictions do not apply in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:

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

A Fund may invest more than 35% in value of the scheme property in such securities issued by one of the issuers set out in Appendix 1. More than 35% of the Trust's property may be invested in such securities issued by any one such issuer provided that:

- (a) the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Trust;

- (b) no more than 30% in value of the scheme property consists of such securities of any one issue; and
- (c) the scheme property includes such securities issued by that or another issuer of at least six different issues.

#### *Exposure to OTC derivatives*

For the purposes of calculating the limits mentioned above in relation to OTC derivatives, 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:

- it is marked to market on a daily basis and exceeds the value of the amount at risk;
- it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- it is held by a third party custodian and not related to the provider or is legally secured from the consequences of failure of a related party; and
- it can be fully enforced by the Trust at any time.

For the purposes of calculating the spread limits, OTC derivative positions with the same counterparty may be netted provided that the netting proceedings:

- comply with the conditions in Section 3 (Contractual Netting) (Contracts for Novation and Other Netting Agreements) of Annex III to the Banking Consolidation Directive, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable; and
- are based on legally binding agreements.

In applying the spread requirements, 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:

- it is backed by an appropriate performance guarantee; and
- it is categorised by daily marked to market valuation of the derivatives positions and at least daily margining.

### *Use of index based derivatives*

Where a scheme invests in an index based derivative, provided the relevant index complies with the above criteria, the underlying constituents of the index do not need to be taken into account for the purposes of the spread requirements provided the Manager takes into account the requirement to provide a prudent spread of risk.

### Warrants

A warrant is an instrument giving entitlements to investments.(a warrant or other instrument entitling the holder to subscribe for a share, debenture or government and public security) and any other transferable security (not being a nil paid or partly paid security) which is listed on an eligible securities market; and is akin to an investment which is an instrument giving entitlements to investments in that it involves a down payment by the then holder and a right later to surrender the instrument and pay more money in return for a further transferable security.

A warrant falls within any power of investment if it is reasonably foreseeable that the right conferred by the proposed warrant could be exercised by the Manager without contravening the investment restrictions in the COLL Sourcebook (assuming that there is no change in a fund's property between the acquisition of the proposed warrant and its exercise and that the rights conferred by the proposed warrants and all other warrants forming part of the Trust's property at the time of acquisition of the proposed warrant will be exercised, whether or not it is intended that they will be).

**The Manager will not invest more than 5% of the scheme property in warrants.**

### Nil and partly paid securities

A security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a fund, at the time when payment is required, without contravening the COLL Sourcebook as it is applicable to a fund.

### Stock lending

Stock lending covers techniques relating to transferable securities and approved money market instruments which are used for the purpose of efficient portfolio management. It permits the generation of additional income for the benefit of the Trust and hence its investors by entering into stock lending transactions for the account of the Trust.

Stock lending involves a lender transferring securities to a borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same

type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purposes of providing collateral to the “lender” to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

A stock lending arrangement or repo contract may be entered into in respect of the Trust when it is appropriate with a view to generating additional income with an acceptable degree of risk. The Trustee, at the Manager’s request, may enter into a stocklending arrangement or repo contract in respect of the Trust of a kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) on certain terms specified in the COLL Sourcebook. There is no limit on the value of the property of the Trust which may be the subject of stock lending transactions.

#### Power to underwrite or accept placings

The exposure of the Trust to agreements and understandings which are underwriting or sub underwriting agreements, or contemplate the securities will or may be issued or subscribed for or acquired for the account of the Trust, must, on any day be covered (as explained above in relation to derivative transactions) and 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.

#### Guarantees and indemnities

The Trustee (on account of a Trust) must not provide any guarantee or indemnity in respect of the obligation of any person. None of the property of a fund may be used to discharge any obligation arising under any guarantee or indemnity with respect to the obligation of any person. This is subject to exceptions in the case of any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook (summarised above) or indemnities given to the person winding-up a body corporate or other scheme in circumstances where those assets are becoming part of the property of the Trust by way of a unitisation.

#### Borrowing

The Trustee (on the instruction of the Manager) may borrow money for the use of the Trust on terms that the borrowing is to be repayable out of the property of the Trust from an Eligible Institution or an Approved Bank (e.g. a bank or building society). Borrowings may be arranged with the Trustee. The Manager must ensure that any such borrowings comply with the COLL Sourcebook.

The Manager must ensure that borrowing does not exceed 10% of the value of the property of the Trust on any Business Day.

These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes, i.e. borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

#### Restrictions on lending

None of the money in the scheme property of the Trust may be lent and, for the purposes of this prohibition, money is lent by the Trust if it is paid to a person (the payee) on the basis that it should be repaid whether or not by the payee. This restriction does not prevent the acquiring of a debenture, nor the placing of money on deposit or in a current account.

The scheme property of the Trust other than money must not be lent by way of deposit or otherwise, although stock lending transactions are not regarded as lending for this purpose. The scheme property must not be mortgaged. This rule does not however prevent the Trustee at the request of the Manager from lending, depositing, pledging or charging the scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Trust in accordance with the COLL Sourcebook.

#### Leverage

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

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

- i) The Trust may borrow up to 10% of its net asset value from an Approved Bank, and
- ii) Through the use of derivatives. Any exposure by the Trust through the use of derivatives must be covered by cash or readily realisable assets held by the Trust. Restrictions on the use of derivatives are outlined in the Investment Objective and Policy in Appendix 1 and detailed in the Investment and Borrowing Powers in Appendix 2.

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

The following restrictions apply to the use of leverage:

- i) Leverage through Borrowing: The Trust may borrow from Eligible Institutions or Approved Banks only.

ii) Leverage through the Use of Derivatives: Derivatives may be used for the purposes of Efficient Portfolio Management only. No current collateral or asset reuse arrangements are currently in place. Should the Trust enter into any contracts that require the use of collateral in future, collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the Manager before the Trust enters into any transactions which require it to hold collateral from a counterparty.

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

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

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

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

#### Cash and Near Cash

The Manager's investment policy may mean that at times it is appropriate for the property of the Trust not to be fully invested and for cash or "near cash" to be held. The Trust may hold cash or "near cash" (meaning, essentially, certain types of deposits) where this may reasonably be regarded as necessary in order to enable:

- (a) the pursuit of the Trust's investment objectives; or
- (b) redemption of Units; or
- (c) efficient management of the Trust in accordance with its investment objectives;  
or
- (d) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Trust.

## Risk management

The Manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of the Trust's positions and their contribution to the overall risk profile of the Trust.

This process must take into account the investment objectives and policy of the Trust. The Manager has taken reasonable care to establish and maintain systems and controls which are appropriate to its business in this connection. The Trustee is obliged to take reasonable care to review the appropriateness of the risk management process in line with its duties. The Manager's risk management process is available to Unitholders on request.

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

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

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

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

## Breaches of the investment and borrowing powers and limits

The Manager must immediately upon becoming aware of any breach of any of the investment and borrowing powers and limits, at its own expense, rectify that breach.

However:

- (a) if the reason for the breach is beyond the control of the Manager and the Trustee the Manager must take the steps necessary to rectify a breach as soon as it is reasonably practicable having regard to the interests of Unitholders, and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, five Business Days; and



(b) if the exercise of rights conferred by an investment held by the Trust would involve a breach, the Trust may still exercise those rights if:

- the prior written consent of the Trustee is obtained; and
- the Manager must take the steps necessary to rectify the breach as soon as reasonably practicable, having regard to the interests of Unitholders, and, in any event, within six months or, if it is a transaction in derivatives or a forward transaction, generally five Business Days.

Immediately upon the Trustee becoming aware of any breach of any of the investment and borrowing powers and limits, it must ensure that the Manager takes such appropriate action.

### **Appendix 3: Typical Investor Profile(s)**

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

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

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

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

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

#### Appendix 4: Other Funds Managed by the Manager

The Manager is also the manager or authorised corporate director of the following UK authorised investment funds:

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

SVS WAM Investment Funds  
SVS Zeus Investment Funds ICVC  
Sylvan Funds  
Taber Investments Fund  
The Air Pilot Fund  
The Aurinko Fund  
The Blu-Frog Investment Fund  
The Brighton Rock Fund  
The Cheviot Fund  
The Daisybelle Fund  
The Dinky Fund  
The Dunninger Fund  
The Folla Fund  
The Galacum Fund  
The Global Balanced Strategy Fund  
The Gloucester Portfolio  
The Headspring Fund  
The Headway Fund  
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

## **Appendix 5: List of Directors of the Manager**

### **Name of Director**

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

Dean Buckley (Independent Non-Executive Director)

Linda Robinson (Independent Non-Executive Director)

Victoria Muir (Independent Non-Executive Director)

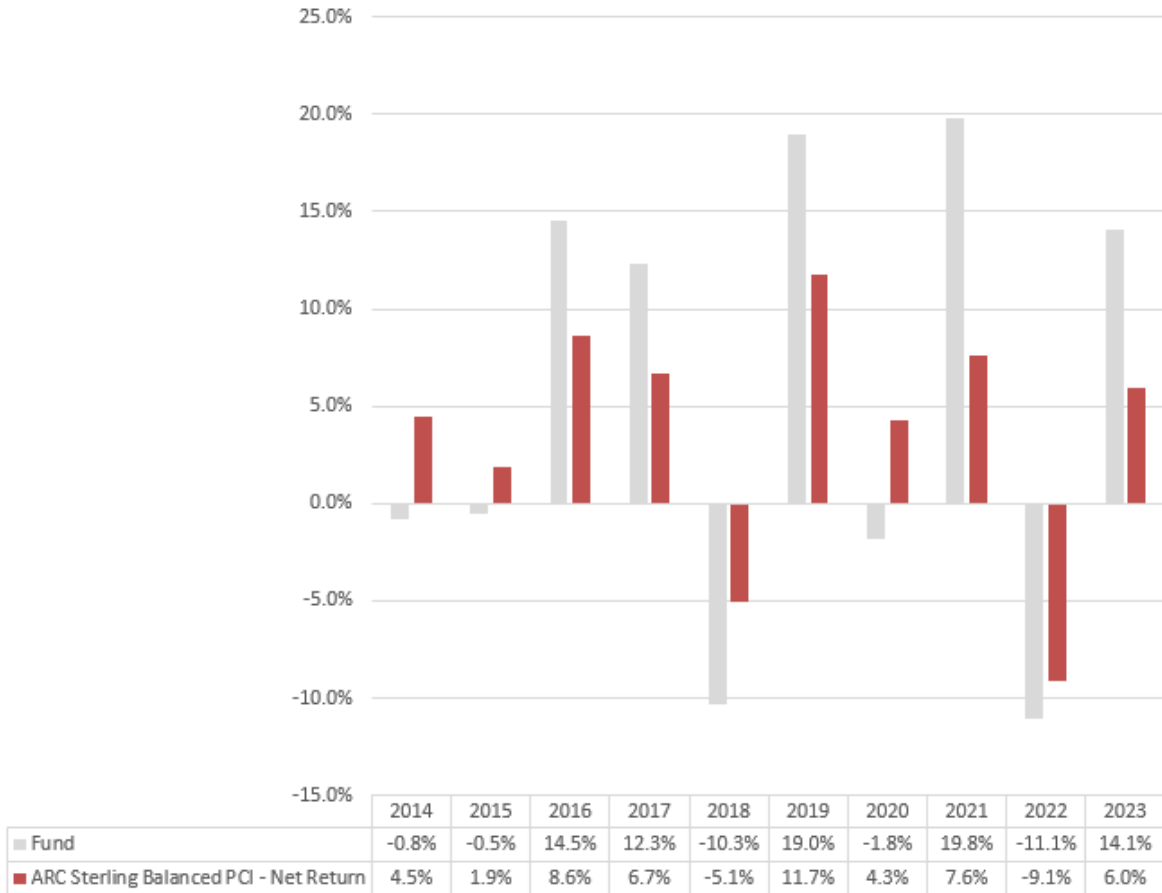
Sally Macdonald (Independent Non-Executive Director)

Guy Swarbreck (Non-Executive Director)

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

## Appendix 6: Historical Performance

The annual performance record of the Trust is set out below:



Source: Fund: FE fundinfo  
2024  
Benchmark: Morningstar

Basis: Mid to mid; net income reinvested. Performance does not include the effect of any initial or redemption charges.

Past performance is not a reliable indicator of future performance. The price of units and the income from them can fall as well as rise and, if investors buy units, they may not get back the amount they originally invested when they sell them. In addition, smaller companies can be subject to certain specific risks not associated with larger, more mature companies.

## **Appendix 7: Directory**

### **The Trust and Head Office**

The Millennium Fund  
45 Gresham Street  
London  
EC2V 7BG

### **Manager, 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

### **Trustee**

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

### **Principal Place of Business:**

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

### **Investment Adviser**

Close Asset Management Limited  
10 Crown Place  
London  
EC2A 4FT

### **Auditors**

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