

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

Apex Fundrock Ltd, the Manager of the MI Somerset Asia Income Fund, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by The Collective Investment Schemes Sourcebook to be included in it. Apex Fundrock Ltd accepts responsibility accordingly.

This document constitutes the Prospectus for the Authorised Unit Trust below and has been prepared in accordance with the Collective Investment Schemes Sourcebook

for

**MI Somerset Asia Income Fund  
("the Fund")**

**("MI" and "MI Funds" are trading names of the Manager)**

This Prospectus is valid  
as at and dated 1 February 2024

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

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

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

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

Units in the Fund are not listed on any investment exchange.

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

The provisions of the Trust Deeds are binding on each of their Unitholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Apex Fundrock Ltd.

This Prospectus is based on information, law and practice at the date hereof. The Manager cannot be bound by an out of date Prospectus when it has issued a new Prospectus and Unitholders should check with the Manager that this is the most recently published Prospectus.

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*This document is important and you should read all the information contained in it. If you are in any doubt as to the meaning of any information contained in this document you should consult your Financial Adviser.*

1. **DEFINITIONS**

<b>"Act"</b>	the Financial Services and Markets Act 2000 (as amended, re-enacted, restated or replaced from time to time).
<b>"Business Days"</b>	a day on which the London Stock Exchange is open for business.
<b>"CCP"</b>	has the meaning ascribed to it in the glossary of definitions to the FCA Handbook.
<b>"Class" or "Classes"</b>	in relation to Units, means (according to the context) all of the Units related to a single Fund or a particular class or classes of Units related to a single Fund.
<b>"Collective Investment Schemes Sourcebook" or "COLL"</b>	the Collective Investment Schemes Sourcebook made by the FCA pursuant to the Act, as amended from time to time.
<b>"Conversion"</b>	the conversion of Units in one Class in a Fund to Units of another Class in the same Fund and "Convert" shall be construed accordingly.
<b>"CRS"</b>	the common reporting standard as developed and approved by the OECD in 2014 and implemented in the UK by the International Tax Compliance Regulations 2015 with effect from 1 January 2016.
<b>"Custodian"</b>	The Northern Trust Company, London Branch.
<b>"Data Protection Laws"</b>	the Data Protection Act 2018, Regulation (EU) 2016/679 as implemented into UK law (" <b>UK GDPR</b> ") and other data protection legislation to the extent binding within the UK from time to time;  and references to " <b>controller</b> ", " <b>personal data</b> ", and " <b>processor</b> " shall have the meanings set out in and will be interpreted in accordance with such laws.
<b>"Dealing Day"</b>	Monday to Friday except for bank holidays in England and Wales and any other days declared by the Manager to be a non-Dealing Day and other days at the Manager's discretion.
<b>"EEA State"</b>	a member state or any other state which is a party to the EEA agreement.
<b>"Efficient Portfolio Management"</b>	techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:  (a) they are economically appropriate in that they

are realised in a cost effective way;

(b) they are entered into for one or more of the following specific aims:

(i) reduction of risk;

(ii) reduction of cost;

(iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.

<b>"FCA"</b>	Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.
<b>"FFI"</b>	Foreign Financial Institution as defined in the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA, signed on 12 September 2012.
<b>"Fund"</b>	the MI Somerset Asia Income Fund.
<b>"FCA Rules"</b>	the rules contained in the COLL Sourcebook published by the FCA as part of the Handbook of rules made under the Act which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebooks.
<b>"Fund Property"</b>	the property of the Fund.
<b>"HMRC"</b>	HM Revenue and Customs, the UK tax authority.
<b>"Home State"</b>	has the meaning given to that term in the Glossary to the FCA Handbook.
<b>"ICO"</b>	<b>The Information Commissioner's Office</b> , the UK's data protection authority for the purposes of Data Protection Laws.
<b>"Investment Manager"</b>	Polen Capital UK LLP.
<b>"IOSCO"</b>	the International Organisation of securities Commissions.
<b>"IRS"</b>	Internal Revenue Service, the US tax authority.
<b>"Manager"</b>	Apex Fundrock Ltd ("MI" and "MI Funds" are trading names of the Manager).
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Fund or of any fund (as the context may require) less the liabilities of the Fund (or of the Fund concerned) as calculated in accordance with the Trust Deed.

<b>"MiFID II"</b>	the legislative framework known as MiFID II as implemented in the UK.
<b>"OECD"</b>	the Organisation for Economic Co-operation and Development.
<b>"Register"</b>	the register of Unitholders of the Fund.
<b>"Scheme Property"</b>	the cash, securities or any other asset of the Fund required under the COLL Sourcebook to be held for safekeeping by the Trustee.
<b>"SDRT"</b>	stamp duty reserve tax.
<b>"Trust Deed"</b>	the trust deed constituting the Fund as amended by any supplemental deeds. "Trust Deeds" shall be construed accordingly.
<b>"Trustee"</b>	Northern Trust Investor Services Limited, or such other person as is appointed to act as the depository of the Fund from time to time.
<b>"UCITS Directive"</b>	has the meaning given to that term in the Glossary to the FCA Handbook.
<b>"UCITS scheme"</b>	has the meaning given to that term in the Glossary to the FCA Handbook.
<b>"UK UCITS scheme"</b>	a UK UCITS as defined in the Glossary of definitions in the FCA Handbook.
<b>"Unit"</b>	an income or an accumulation unit in a class of units in the Fund.
<b>"Unitholder"</b>	a holder of Units.
<b>"Valuation Point"</b>	the point, whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Fund Property for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed.

## 2. MANAGEMENT AND ADMINISTRATION

### (A) REGULATORY STATUS

The Manager and the Trustee are authorised and regulated by the Financial Conduct Authority.

### (B) THE MANAGER

#### Apex Fundrock Ltd

The Manager is Apex Fundrock Ltd which is a company limited by shares incorporated in England and Wales on 18 May 2007.

#### Registered Office and Head Office:

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

#### Share Capital:

£2,075,000 (issued and paid up)

#### Names of Directors and any significant business activities not connected with the business of the Manager

A C Deptford  
P J Foley-Brickley  
I T Oddy  
C O'Keeffe  
D Phillips\*  
J Thompson\*

\* Independent Non-Executive Director.

No director is engaged in any significant business activity not connected with the business of the Manager or other Apex Fundrock Ltd subsidiaries.

#### Ultimate Holding Company:

Apex Group Ltd, a company incorporated in Bermuda.

The Manager is responsible for managing and administering the Fund's affairs in compliance with the FCA Rules.

The Manager is responsible for acting as registrar. The Manager may act as an authorised Unit Trust manager or authorised corporate director to other clients and funds and to companies in which the Fund may invest. These are listed in Appendix E. The Manager has delegated investment management as set out in Section 2(C) below. It may also delegate its activities and retain the services of another person to assist in its functions.

### (C) THE INVESTMENT MANAGER

The investment manager to the Fund is Polen Capital UK LLP (the "Investment Manager"). The Investment Manager is authorised and regulated by the FCA under the registration number 925147.

The Investment Manager's registered office is 1st Floor, 15-18 Austin Friars, London EC2N 2HE.

The sole activity of the Investment Manager is investment management and related activities. The Investment Manager is authorised to deal on behalf of the Fund.

The Investment Manager has full discretionary powers over the investment of the property of the Fund subject to the overall responsibility and right of veto of the Manager. The Investment Manager's Agreement may be terminated on 6 months' written notice by the Investment Manager or the Manager. Under the Investment Manager's Agreement, the Manager provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The Manager may be entitled under the indemnities in the Management Agreement to recover from the Fund amounts paid by the Manager under the indemnities in the Investment Manager's Agreement.

## **(D) THE TRUSTEE AND CUSTODIAN**

**Name and Corporate form** The Trustee of the Fund is Northern Trust Investor Services Limited, a private limited company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principal place of business is at 50 Bank Street, London E14 5NT.

The Trustee is authorised and regulated by the Financial Conduct Authority.

**Ultimate Holding Company** The Trustee's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

**Duties of the Trustee** The Trustee is responsible for the safekeeping of all the Scheme Property of the Fund and must ensure that the Fund is managed in accordance with the Trust Deed and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Fund. The Trustee is also responsible for monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the Manager are performed in accordance with the FCA Handbook, this Prospectus and the Trust Deed.

### **Delegation of Safekeeping**

#### **Functions**

Subject to the Regulations, the Trustee has full power under the Trust Deed to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Trustee. As a general rule, where the Trustee delegates any of its custody functions to a delegate, the Trustee will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Trustee. The use of clearing or settlement systems or order routing systems, does not constitute a delegation by the Trustee of its functions.

As at the date of this Prospectus, the Trustee has delegated custody services to The Northern Trust Company, London Branch (the "Custodian"). The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Fund may invest. A list of sub-custodians is given in Appendix G. Unitholders should note that the list of sub-custodians is updated only at each Prospectus review.

#### **Updated Information**

Up to date information regarding (i) the Trustee's name, (ii) the description of its duties and any conflicts of interest that may arise



between the Fund, the Unitholders or the Manager and the Trustee, and (iii) the description of any safekeeping functions delegated by the Trustee, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Unitholders on request.

## **Terms of Appointment**

The appointment of the Trustee has been made under an agreement (as amended and novated from time to time) between the Manager and the Trustee (the "Depositary Agreement").

The Depositary Agreement is terminable on receipt of six months' written notice given by either party. The Trustee may not retire voluntarily except on the appointment of a new depositary.

The Depositary Agreement contains provisions indemnifying the Trustee and limiting the liability of the Trustee in certain circumstances.

The Trustee and the Custodian are entitled to receive remuneration out of the Scheme Property of the Fund as detailed in section 10 below.

The Trustee has been appointed under the Trust Deed. The terms agreed between the Manager and the Trustee relating to the Trustee's remuneration and expenses are set out under the heading "Trustee's Fees" later in this document.

## **Conflicts of interest**

### *General*

The Trustee may act as the depositary of other investment funds 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 Fund and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Trustee and the Fund, the Unitholders or the Manager. In addition, the Trustee also has a regulatory duty when providing the Services to act solely in the interests of Unitholders and the Fund. In order to comply with this requirement, the Trustee may in some instances be required to take actions in the interests of Unitholders and the Fund where such action may not be in the interests of the Manager.

### *Affiliates*

From time to time conflicts may arise from the appointment by the Trustee of any of its delegates, as applicable.

The Trustee, and any other delegate, is required to manage any such conflict having regard to the FCA Rules and its duties under the Depositary Agreement.

The Trustee will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the Fund than if the conflict or potential conflict had not existed. The Custodian and any other delegate are required to manage any such conflict having regard to the FCA Handbook and its duties to the Trustee and the Manager.

#### *Conflicting commercial interests*

The Trustee (and any of its affiliates) may effect, and make a profit from, transactions in which the Trustee (or its affiliates, or another client of the Trustee or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Trustee's duty to the Fund.

This includes circumstances in which the Trustee or any of its affiliates or connected persons: acts as market maker in the investments of the Fund; provides broking services to the Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Fund; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Fund; or earns profits from or has a financial or business interest in any of these activities.

#### *Management of conflicts*

The Trustee has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Trustee has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Trustee issues to be properly identified, managed and monitored.

### **Trustee – Data Protection**

Northern Trust's EMEA Data Privacy Notice sets out how the Trustee will process Unitholders' personal information as a data controller where these details are provided to it in connection with Unitholders' investment in the Fund.

Northern Trust's EMEA Data Privacy Notice may be updated from time to time and readers should confirm that they hold the latest version which can be accessed at [www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice](http://www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice).

Any Unitholders who provides the Manager and its agents with personal data about another individual (such as a joint investor), must show Northern Trust's EMEA Data Privacy Notice to those individuals.

## **(E) THE REGISTRAR**

**Name** Apex Fundrock Ltd  
**Address** Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

The Fund has appointed Apex Fundrock Ltd to maintain the Register of Unitholders. The Register may be inspected at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY during normal office hours.

## **(F) UNITHOLDER ADMINISTRATOR**

**Name** Apex Fundrock Ltd  
**Address** Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

The Manager has appointed Apex Fundrock Ltd to carry out certain unitholder administration services.

## **(G) THE AUDITOR**

**Name** Grant Thornton UK LLP  
**Address** 30 Finsbury Square, London EC2A 1AG

## **(H) FUND ACCOUNTING AND PRICING**

**Name** Apex Fundrock Ltd  
**Address** Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

The Manager appointed Apex Fundrock Ltd to carry out certain administration, fund accounting and pricing functions. The Manager is authorised to carry on investment business in the United Kingdom. The fees of Apex Fundrock Ltd are paid by the Fund.

## **(I) CONFLICTS OF INTEREST**

The Manager and the Investment Manager (and other companies affiliated to these parties) may, from time to time, act as investment managers or advisers to other schemes, Fund or funds which follow similar investment objectives to those of the Fund. It is therefore possible that the Manager and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Fund. The Manager, however, has regard in such event to its obligations under the Trust Deed and, in particular, to its obligation to act in the best interests of the Fund so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Trustee may act as the depositary of other investment funds and as trustee or custodian of other collective investment schemes, for further details please see section D above.

The Fund may hold shares in the ultimate holding company of the Manager.

### 3. THE CONSTITUTION

#### General

The Fund is an authorised unit trust scheme and a UK UCITS scheme operating under Chapter 5 of COLL. The Fund qualifies for certification under the UCITS Directive. The base currency of the Fund is sterling. All Units issued are denominated in pence sterling.

Unitholders are not liable for the debts of the Fund. Unitholders are not liable to make any further payment after they have paid the price on the purchase of Units.

Several classes of Unit may be issued in respect of the Fund. The Fund currently issue the classes of Unit described below.

Where any changes are proposed to be made to the Fund the Manager will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. If the change is regarded as fundamental, unitholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Unitholders. If the change is regarded as notifiable, Unitholders will receive suitable notice of the change. Some changes will not be fundamental, significant or notifiable.

#### 4. FUND SPECIFIC DETAILS

##### MI Somerset Asia Income Fund\*<sup>1</sup>

This Fund was established on 9 October 2009 and authorised by the FCA on 9 October 2009 with Product Reference Number 504243.

**Investment objective** The Fund aims to deliver a high level of income with potential for capital growth over the long term (5 years or more).

**Income Target Benchmark** The Fund aims to deliver an annual net target yield of at least 110% of the yield of the MSCI All Countries Asia Pacific Excluding Japan Index.

**Investment policy** The Fund is actively managed and will invest in companies which are incorporated, domiciled, listed or conduct significant business in the Asia Pacific region (excluding Japan).

The Fund will typically invest at least 90% (minimum 80%) in equities or equity related derivatives, but may also invest in collective investment schemes (up to 10% of Fund assets) which may be collective investment schemes managed by the Manager or by third party managers, corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits. Exposure to the companies will typically be direct but the Fund may also have limited indirect exposure (through derivatives).

The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes. Please refer to the Derivatives sections in Appendix B for further details.

##### Benchmark information

<b>For Income purposes</b>	<b>Benchmark Category</b>	<b>Benchmark Type</b>
At least 110% of the yield of the MSCI All Countries Asia Pacific Excluding Japan	Target Benchmark	Index
<b>For total return purposes</b>	<b>Benchmark Category</b>	<b>Benchmark Type</b>
IA Asia Pacific Excluding Japan	Comparator Benchmark	Fund Sector
MSCI All Countries Asia Pacific Excluding Japan	Comparator Benchmark	Index
MSCI All Countries Asia Excluding Japan	Comparator Benchmark	Index

<sup>1</sup> \* Apex Fundrock Ltd became the manager of the MI Somerset Asia Income Fund on 12 June 2021, replacing Liontrust Fund Partners LLP.

*Rationale for choice of benchmark*

In relation to the income paid out by the Fund, the Manager believes it is appropriate for investors to assess the yield of the Fund versus the yield of the MSCI All Countries Asia Pacific Excluding Japan Index given the Fund uses this index to set its target yield.

Given that the Fund invests in Asian companies (excluding Japan) the Manager believes it is appropriate for investors to compare the performance of the Fund versus the relevant IA sector which in this case is the IA Asia Pacific Excluding Japan sector.

In addition to the IA sector the Manager believes it is also appropriate for investors to compare the performance of the Fund versus the MSCI All Countries Asia Pacific Excluding Japan Index and the MSCI All Countries Asia Excluding Japan Index, these being the benchmark indices that most appropriately matches the investment universe of the Fund.

<b>Launched</b>	9 October 2009
<b>Product Reference number</b>	504243
<b>Type of Units Available</b>	Class A Income Units £ Class I Income Units £ and US\$ Class I Accumulation Units £ and US\$ Class R Income Units £
<b>Accounting period</b>	31 December
<b>Interim accounting period</b>	30 June

**Income allocated**

<b>Income ex Dates</b>	<b>Income Distribution Dates</b>
1 April	31 May
1 July	31 August
1 October	30 November
1 January	Last day of February

<b>Annual Management Charge</b>	Class A Income Units 1.00% Class I Income Units 0.75% Class I Accumulation Units 0.75% Class R Income Units 0.75%
<b>Initial Charge</b>	Nil
<b>Redemption Charge</b>	Nil
<b>Charges taken from income or Capital</b>	Capital
<b>Past Performance</b>	Please see Appendix C below.

## 5. **PROFILE OF INVESTOR**

### **Profile of typical investor**

The Fund is marketable to both private investors and professional Unitholders and advisers wishing to have exposure to companies which are incorporated, domiciled, listed or conduct significant business in the Asian Pacific region (excluding Japan). Unitholders should regard their investment as long-term (at least 5 years). Investors should understand and accept the risk associated with using derivatives for investment purposes including for option overlay.

## 6. **INVESTMENT POWERS AND LIMITS**

The Fund's investment powers and limits are set out at Appendix B and which will be applied in accordance with the Fund's investment objective and policy as set out in section 4.

## 7. **BUYING AND REDEEMING UNITS**

The dealing office of the Manager is open from 8.30 a.m. until 4.30 p.m. on each Dealing Day to receive requests for the purchase or redemption of Units.

### **(A) BUYING UNITS**

#### **Procedure:**

Units may be bought directly from the Manager or through your professional adviser or other intermediary. An intermediary who deals on your behalf in the Fund may be entitled to receive commission from the Manager.

Units can be bought either by sending a completed application form to the Manager at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY, or, under certain circumstances, by telephoning the Manager on 0345 026 4282, Fax: 0845 299 1178 or such other number as published from time to time or via electronic dealing platforms (such as Calastone) for the purchase, redemption and switch of Units for non-retail clients. The Manager reserves the right to refuse telephone applications. Application forms may be obtained from the Manager. In addition, the Manager may from time to time make arrangements to allow Units to be bought through other communication media. The initial purchase must, at the discretion of the Manager, be accompanied by an application form.

The Manager has the right to reject, on reasonable grounds, 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.

The Manager, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the Manager's discretion, payment for large purchases of Units may be made by telegraphic transfer.

Units will be issued at a price calculated by reference to the next Valuation Point following receipt of the application.

No interest will be paid on funds held prior to investment. Units that have not been paid for cannot be redeemed.

#### **Documents the buyer will receive:**

A contract note giving details of the number and price of Units bought will be issued no later than the end of the business day following the later of receipt of the application to buy Units and the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

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 investment. If settlement is not made within a reasonable period, then the Manager has the right to cancel any Units issued in respect of the application and recover any shortfall.



Certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry on the Register of Unitholders. Notifications in respect of periodic income distributions on Units will show the number of Units held by the Unitholder on which the income distribution is being made. Individual statements of a Unitholder's Units (or, where Units are jointly held, the first named holder's) will be issued automatically as at 31 March, 30 June, 30 September and 31 December of each year. Ad-hoc valuation statements may also be issued upon request by the registered Unitholder. The Manager reserves the right to make a charge for any ad-hoc valuation statements issued.

### **Minimum Subscription and Holdings:**

The minimum initial investment in Units of the Fund are set out below:

<b>Class</b>	<b>Minimum Initial Investment</b>	<b>Minimum Subsequent Investment</b>	<b>Minimum Redemption</b>	<b>Minimum Holding</b>
A	£1,000	£1,000	£500	£1,000
I	£5,000,000	£100,000	£50,000	£5,000,000
I	US\$5,000,000	US\$100,000	US\$50,000	US\$5,000,000
R	£1,000	£1,000	£500	£1,000

The Manager may at its discretion in what it considers to be special circumstances accept subscriptions and/or holdings lower than the minimum amount(s) or to waive or reduce the initial charge.

If following a redemption a holding should fall below the minimum holding, the Manager has the discretion to require redemption of that Unitholder's entire holding.

### **Market Timing**

The Manager may refuse to accept a new investment if, in the opinion of the Manager, it has reasonable grounds for refusing to accept an investment. In particular, the Manager may exercise this discretion if it reasonably believes the Unitholder has been or intends to engage in market timing activities.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Units generally to take advantage of variations in the price of Units between the daily Valuation Points of the Fund. Short term trading of this nature may often be detrimental to long term Unitholders, in particular the frequency of dealing may lead to additional dealing costs which can affect long term performance.

Investments may be made into the Fund via nominee or similar omnibus accounts. For the purposes of monitoring and detecting potential market timing activity, the Manager's responsibilities will be restricted to the registered legal holder of Units rather than any underlying

beneficial holder. The Manager will co-operate in helping to deter any potential market timing activities that the registered legal holder has detected in his monitoring of his underlying beneficial holders.

## **(B) REDEEMING UNITS**

### **Procedure:**

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

Requests to redeem Units may be in writing to the Manager at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY, or by telephone on 0345026 4282. The Manager reserves the right to refuse a telephone redemption request. In addition the Manager may from time to time make arrangements to allow Units to be redeemed through other communication media.

The Units will be redeemed at a price calculated by reference to the next Valuation Point following receipt of the instruction to redeem.

The Manager in his discretion may permit redemption proceeds to be paid by telegraphic transfer and may impose a charge. Any request for a telegraphic transfer would be subject to the necessary money laundering and anti-fraud checks.

### **Documents a redeeming Unitholder will receive:**

A contract note giving details of the number and price of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) no later than the end of the business day following the later of the request to redeem Units and the Valuation Point by reference to which the price is determined. At the Manager's discretion, the contract note will be accompanied by a form of renunciation for completion and execution by the Unitholder (or, in the case of a joint holding, by all the joint Unitholders). A cheque in satisfaction of the redemption monies will be issued by the close of business on the fourth business day after the later of (a) where issued, receipt by the Manager of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Unitholders, together with any other appropriate evidence of title, and (b) the Valuation Point following receipt by the Manager of the request to redeem.

A cheque will be sent at the Unitholder's risk by first class post to the last address notified by the Unitholder to the Manager. It will be deemed to be received on the second day after posting. The Manager will not be responsible if the mailing is delayed except where as a result of the Manager's negligence. If the mailing goes astray or is intercepted the Manager reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the Unitholder until satisfied with the results of the investigation.

Where the redemption proceeds are to be paid by telegraphic transfer, the Manager will make the payment to the bank account details last notified to the Manager. The redemption proceeds will

be sent at the risk of the Unitholder and the Manager will not be responsible if the telegraphic transfer is delayed, unless this is as a result of the Manager's negligence.

**Minimum redemption:**

Unitholders may redeem part of their holding, however the Manager reserves the right to refuse a redemption request if the value of the Units to be redeemed is less than that shown in the table above.

**Dealing Charges**

The price per Unit at which Units are bought or redeemed is the Net Asset Value per Unit. Any initial charge or redemption charge is payable in addition to the price.

**Initial charge:**

The current initial charge for Class A Units, Class I Units and Class R Units of the Fund is Nil.

The Manager may impose a charge on the purchase of Units of up to 2% on Class A Units and up to 5% on Class R Units. The initial charge is a percentage of the gross subscription amount from a potential Unitholder.

The Manager will not increase the initial charge for the Fund unless in accordance with the FCA Rules.

**Redemption Charge:**

No redemption charge is currently imposed. The Manager may make a charge on the redemption of Units.

The Manager may not introduce a redemption charge unless a revised Prospectus has been made available to reflect the introduction and the date of its commencement. Any redemption charge introduced will apply only to Units sold since its introduction but not to Units previously issued.

**Client Money:**

Monies received into client money accounts will not incur interest.

**(C) MONEY LAUNDERING AND FRAUD PREVENTION**

As a result of legislation in force in the United Kingdom to prevent money laundering, the Manager is responsible for compliance with money laundering regulations. In addition the Manager may carry out fraud prevention checks. Details of the procedures and requirements are set out in the Manager's Investor Terms and Conditions for the Fund. Until satisfactory proof of identity is provided or any other requirements are met, the Manager reserves the right to refuse to issue Units, pay the proceeds of a redemption of Units, or pay income on Units to the investor. Further, if additional administration is required to complete the registration of an investment as a result of the anti-money laundering or fraud prevention checks and procedures, the Manager reserves the right to make an administration charge in connection with the same.

## **(D) LATE SETTLEMENT**

Settlement will normally be made by bankers draft, telegraphic transfer or cheque. Payment will be made in full in Sterling no later than the fourth Business Day after the date of purchase, but the Manager reserves the right to require payment in advance. The Manager may cancel any purchase contract where the payment is not honoured in full within four Business Days of the relevant Dealing Day.

## **(E) TRANSFERS**

Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager. The Manager may refuse to register a transfer unless an amount equivalent to the applicable SDRT has been paid.

## **(F) RESTRICTIONS, COMPULSORY TRANSFER, REDEMPTION AND CONVERSION**

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

If it comes to the notice of the Manager that any Units ("affected Units"):

- (i) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (ii) would result in the Fund incurring any liability to taxation which the Fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iii) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case; or
- (iv) are owned by a Unitholder who is registered in a jurisdiction (where the Fund is not registered or recognised by the relevant competent authority) whereby communication with that Unitholder by the Manager, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the Manager to prevent such a communication constituting a breach);

the Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be

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

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

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

The Manager may convert all Units of one Class into another Class of Units in the same Fund if, after consultation with the Trustee, it concludes it is in the best interests of the Unitholder to do so, and subject to giving such notice (if any) to Unitholders as may be required in accordance with the Regulations.

#### **(G) ISSUE OF UNITS IN EXCHANGE FOR IN SPECIE ASSETS**

The Manager may arrange for the Fund to issue Units in exchange for assets other than cash, but will only do so where the Manager and Trustee are satisfied that the Fund's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the Units.

The Manager will not issue Units in exchange for assets the holding of which would be inconsistent with the investment objective of the Fund.

#### **(H) IN SPECIE REDEMPTIONS**

Where a Unitholder requests redemption or cancellation of Units in value of not less than 5% of the value of the Fund as a whole, the Manager may, at its discretion, give written notice to the Unitholder before the proceeds of the redemption or cancellation would otherwise become payable that, in lieu of paying such proceeds in cash, the Manager will transfer to that Unitholder property attributable to the Fund having the appropriate value. Where such a notice is given, the Unitholder may, by written notice given to the Manager before the relevant property is transferred to the Unitholder, require the Manager to arrange for a sale of that property and the payment to the Unitholder of the net proceeds of that sale. The Manager's notice shall not be given later than the second business day following the redemption or cancellation request. The Unitholder's request shall not be given later than the fourth business day following the Manager's notice.

The Manager will select the property to be transferred in consultation with the Trustee. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Unitholder requesting the redemption than to the continuing Unitholders. Whether the property is transferred or sold there shall be deducted from it a cash amount which would have normally been borne by the Fund on a sale of the property.

## **(I) SUSPENSION OF DEALINGS**

The Manager may, with the prior agreement of the Trustee or, and if the Trustee so requires, shall, without prior notice to Unitholders, temporarily suspend the issue, cancellation, sale and redemption of units where, due to exceptional circumstances, it is in the interests of all holders to do so. Unitholders will be notified of such suspension in dealings as soon as is practicable after suspension commences and will be kept informed about the suspension. Suspension will continue only for so long as it is justified having regard to the interests of the Unitholders. On a resumption of dealings following suspension, it is anticipated that unit pricing and dealing will take place at the Dealing Days and times stated in this Prospectus.

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

The Manager shall notify Unitholders as soon as is practicable after the commencement of the suspension, including giving details of the exceptional circumstances which led to the suspension in a clear, fair and not misleading way and details of how unitholders may find out further information about the suspension. In the event of suspension, the Manager shall publish sufficient details on its website or by other general means to keep unitholders appropriately informed about the suspension including, if known, its possible duration.

The Manager and the Trustee will formally review the suspension at least every 28 days and will inform the FCA of such review and any change to the information supplied to Unitholders.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased. On a resumption of dealings following suspension, it is anticipated that unit pricing and dealing will take place at the Dealing Days and times stated in this Prospectus.

The circumstances under which suspension of dealing may occur include, for example, those where the Manager cannot reasonably ascertain the value of the assets or realise assets of the Trust, or the closure or suspension of dealing on a relevant exchange.

During any suspension, a holder may withdraw his redemption notice provided that such withdrawal is in writing and is received before the end of the suspension. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

## **(J) ELECTRONIC COMMUNICATIONS**

At present, transfer or renunciation of title to Units by electronic communication is accepted at the Manager's absolute discretion and the Manager may refuse electronic transfers.

The Manager will accept instructions to transfer or renunciation of title to Units on the basis of an authority communicated by electronic means and sent by the Unitholder, or delivered on their behalf by a person authorised by the FCA, subject to:

- I. prior agreement between the Manager and the person making the communication as to:
  - the electronic media which communication can be delivered; and
  - how the communication will convey the necessary authority;
- II. assurance from any person who may give authority on behalf of the Unitholder that they will have obtained the required appointment in writing from the Unitholder; and

the Manager being satisfied that any electronic communications purporting to be made by a Unitholder or their agent are in fact made by that person.

## **(K) GOVERNING LAW**

All deals in Units are governed by the law of England and Wales. These documents are governed by English law and the courts of England and Wales have exclusive jurisdiction to settle disputes relating to them.

## **8. TITLE OF UNITS**

Each holder of a Unit in the Fund is entitled to participate in the property of the Fund and any income thereof. A Unitholder's right in respect of the Fund as represented by his Units is that of a beneficial interest under the trust.

Title to Units will be evidenced in a register ("the Register"). No certificates will be issued to unitholders. A Unitholder's contract note will be evidence of title to his Units, although the Register will ultimately be conclusive evidence.

## **9. DETERMINATION AND DISTRIBUTION OF INCOME**

Allocations of income are made in respect of any income available for allocation in the annual accounting period.

The Fund issues both income Units and accumulation Units.

For accumulation Units income will become part of the capital property and will be reflected in the price of each such accumulation Unit.

Holders of income Units should be aware that should an income distribution be unclaimed for a period of six years after having become due for payment, it shall be forfeited and shall revert to the Fund. The payment of any unclaimed distribution, interest or other sum payable by the Fund on or in respect of a Unit into a separate account shall not constitute the Manager a trustee thereof.

Any income available for distribution or accumulation is determined in accordance with the COLL. Broadly it comprises all sums deemed by the Fund, after consultation with the auditor, to be in the nature of income received or receivable for the account of the Fund and attributable to the

Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate (after consulting the auditors in accordance with the COLL, in relation to taxation and other matters). There may be circumstances when the amount available for distribution is nil.

The Manager may smooth income distributions within an annual accounting period. Distribution income smoothing is the process whereby the Manager is able to limit possible fluctuations in the amount of income distributed or accumulated to Unitholders from one interim accounting period to another interim accounting period in an accounting year so that Unitholders receive roughly equal amounts with the balance swept up in the final distribution.



## 10. CHARGES AND EXPENSES

### (A) MANAGEMENT AND ADMINISTRATION FEES

The Manager is entitled to receive from the Fund an annual management fee, the details of which are set out in Section 4. The management fee is calculated and accrued daily and is payable monthly in arrears and is calculated by reference to the Net Asset Value of the Fund as at the preceding Valuation Point.

The fees and expenses of the Investment Manager shall be paid by the Manager out of the annual management fee. These fees are the maximum chargeable and the Manager may charge a lower amount in its discretion.

The Manager is also entitled to receive payment for expenses in relation to Administration and Valuation services at rates up to as follows:

Service	Size of Fund	Rate p.a.
Provision of Manager Services	£0 - £49,999,999	0.06%
	£50,000,000 - £99,999,999	0.04%
	£100,000,000 - upwards	0.02%

The minimum fee, per annum is £15,000.

Provision of Fund Valuation and Accounting and Investment and Securities Administration.

£0 - £49,999,999	0.09%
£50,000,000 - £99,999,999	0.07%
£100,000,000 - £199,999,999	0.05%
£200,000,000 upwards	0.03%

The minimum fee, per annum is £25,000.

The above fees are calculated and accrued daily and is payable monthly in arrears and is calculated by reference to the Net Asset Value of the Fund at the preceding Valuation Point.

Dealing and Registration

<i>Dealing:</i> Electronic	£15
Standard	£20

Complex

£100

Transactions which will incur a complex dealing charge include (but are not limited to): transactions which arise following the death of a shareholder, unitholder, or ISA planholder; in specie transactions; and transactions where your client documentation has not been provided promptly.

The minimum fee, per annum is £15,000.

If there are more than two unit classes in a Fund, there will be an additional charge of £7,500 per unit class, per annum.

Distributions

There is no charge for two distributions per annum. Each additional distribution incurs a charge of £1,000 per annum.

Management Accounting

£1,500 per annum.

Fees are payable on the value of the property of the Fund (as set out in Section 4 above).

## **(B) TRUSTEE'S FEES**

The Trustee receives for its own account a periodic fee which will be calculated and accrue daily and is payable monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable as soon as practicable after the last business day in each month. The fee is calculated by reference to the value of the Fund on the last business day of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of the Fund. The rate of the periodic fee is agreed between the Manager and the Trustee and is calculated on a sliding scale for the Fund on the following basis:

- 0.02% per annum for the first £100,000,000 in value of the Scheme Property;
- 0.015% per annum on the next £150,000,000 in value of the Scheme Property; and
- 0.01% per annum on the value thereafter.
- The annual fee is subject to a minimum of £10,000 per annum.

These rates can be varied from time to time in accordance with the COLL Sourcebook.

The first accrual in relation to the Fund will take place in respect of the period beginning on the day on which the first valuation of the Fund is made and ending on the last business day of the month in which that day falls.

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 safekeeping of the Scheme Property as follows:

<b>Item</b>	<b>Range</b>
Transaction Charges	£6 to £200
Custody Charges*	0.005% to 0.70%.

\*Minimum £7,500 per annum.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

Where relevant, the Trustee may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to a Fund and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the COLL Sourcebook.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument, the COLL Sourcebook or by the general law.

On a winding up of the Fund, the Trustee will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Trustee.

## **(C) OTHER EXPENSES**

The following expenses may also be paid out of the Scheme Property of the Fund:

- (a) broker's commission, fiscal charges and other disbursements (including stamp duty and/or stamp duty reserve tax) which are necessary to be incurred in effecting transactions for the Fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (b) any costs incurred in publishing the price of the Units in a national or other newspaper or any other form of media;
- (c) any cost incurred in producing and dispatching payments made by the Fund or the yearly and half yearly reports of the Fund;
- (d) any fees, expenses or disbursements of any legal or other professional adviser of the Fund;
- (e) any costs incurred in taking out and maintaining an insurance policy in relation to the Fund;
- (f) any costs incurred in respect of meetings of Unitholders convened for any purpose;
- (g) any liability arising after the transfer of property to another authorised fund in consideration of units or shares in such other fund in accordance with COLL 6.7.15R;

- (h) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (i) taxation and duties payable in respect of the Scheme Property or the issue or redemption of Units;
- (j) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (k) periodic fees of the FCA, together with any corresponding fees of any regulatory authority in a country or territory outside the UK in which Units in the Fund are or may be marketed;
- (l) any expense incurred in relation to company secretarial duties and the duties of the Registrar including the cost of maintenance of minute books and other documentation required to be maintained by the Fund;
- (m) any payment otherwise due by virtue of a change to the Regulations;
- (n) any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations (part of the risk monitoring process);
- (o) any costs incurred in amending the Trust Deed or this Prospectus including costs in respect of meetings of Unitholders and/or the Manager convened for the purposes which include the purpose of amending the Trust Deed or this Prospectus;
- (p) payments or costs in relation to the preparation of the key investor information document of the Fund;
- (q) any VAT or similar tax relating to any charge or expense set out herein;
- (r) any other payment permitted to be paid out of the Scheme Property under the Regulations as provided for in the Trust Deed; and

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

Expenses are allocated between capital and income in accordance with the Regulations. The applicable policy for the Fund is set out in Section 4. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 12 "Stamp Duty Reserve Tax"). If deductions were made from capital, this could have an adverse effect on the Fund's capital and constrain growth.

Value Added Tax will be added to all these payments, where applicable.

Further charges for taxation may be paid out of the Scheme Property as described in Section 12 below.

## 11. VALUATION OF PROPERTY AND PRICING

The value of the property of each Fund shall be determined in accordance with the relevant rules of the FCA for dual priced funds (contained in the FCA's Collective Investment Scheme Sourcebook).

The property of the Fund will be valued on each Business Day (as defined within the FCA Handbook), at 12:00 noon, on a forward pricing basis, for the purpose of determining the issue and redemption prices of units. The calculation of the creation and cancellation prices of units will commence immediately thereafter. The property will be valued on the offer basis for the purpose of calculating the creation price of units and the amount of the initial charge, and on the bid basis for the purpose of calculating the cancellation price of units or for determining the investment limits.

The Manager may at any time during any business day carry out an additional valuation of the property of a Fund if the Manager considers it appropriate to do so. Any such additional valuation would be undertaken after consulting with the Trustee.

For the purpose of calculating the Manager's and the Trustee's annual charge, the value of the property will be determined on a mid-market basis. On the issue or repurchase of units by the Manager the relevant prices respectively will not exceed those calculated on the offer basis (together with the initial charge) and will not be less than those calculated on the bid basis.

The valuation will be in two parts: one on an issue basis, which will form the basis of the price at which units are issued (issue price) by the Fund; the other on a cancellation basis, which will form the basis of the price at which units are cancelled (cancellation price) by the Fund. The Manager is able to set a dealing spread between the maximum sale price (issue price plus the initial charge) and cancellation price, and to determine where dealing prices should lie within a range between the maximum sale price and the cancellation price.

### (A) VALUE OF THE PROPERTY OF THE FUND

The Manager must prepare each valuation on two bases, reflecting the differing bid and offer valuations of underlying assets where it is normal for such differences to be quoted.

The value of the property of a Fund must be valued at fair value and shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

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

"Dealing Costs" means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction. On the issue basis, Dealing Costs excludes any initial charge on the sale of units in the Fund. On the cancellation basis, Dealing Costs includes any charge payable on redemption of units (taking account of any expected reduction), except where the Manager of the Fund is also the authorised fund manager, or an associate of the authorised fund manager, of the fund whose units or shares form part of that property.

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

Units or shares in a collective investment scheme:

- if a single price for buying and selling units or shares is quoted, at that price (plus the initial charge minus any expected discount (plus Dealing Costs including any SDRT provision)) for valuations on an issue basis but where the Manager of the Fund is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Fund, must not include an initial charge which would be payable in the event of a purchase by the Fund of those units or shares; and at that price (less Dealing Costs) on a cancellation basis; or
- if separate buying and selling prices are quoted, at the most recent maximum sale price less any expected discount (plus Dealing Costs) when valuing on an issue basis but where the Manager or an associate of the Manager is also the Manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, the issue price shall be taken instead of the maximum sale price; and the most recent cancellation price less Dealing Costs on a cancellation basis; or
- if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the units or shares, at a value which, in the opinion of the Manager, is fair and reasonable.

Any other transferable security:

- if a single price for buying and selling the security is quoted, at that price (plus Dealing Costs) for valuations on an issue basis; and at that price (less Dealing Costs) on a cancellation basis; or
- if separate buying and selling prices are quoted, at the best available market dealing offer prices on the most appropriate market in a standard size (plus Dealing Costs) for valuations on an issue basis; and best available market dealing bid price on the most appropriate market in a standard size (less Dealing Costs) for valuations on a cancellation basis; or
- if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the security, at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing costs) for valuations on an issue basis; and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations on a cancellation basis.

Property other than units or shares in a collective investment scheme and other transferable securities:

- at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing Costs) for valuations on an issue basis and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations on a cancellation basis. The buyer's price or the seller's price is the consideration which would be paid or received by a buyer or seller, as appropriate, for an immediate transfer or assignment to him at arm's length.

Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values for valuations on both an issued and cancellation basis.

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

- if a written option, (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable on both an issue and cancellation basis but in the case of the calculation of the issue basis, deduct and in the case of the calculation of the cancellation basis add Dealing Costs. If the Property is an off-exchange derivative the method of valuation shall be agreed between the Manager and Trustee;
- if an off-exchange future, include at the net value of closing out, estimating the amount of profit or loss receivable or incurable by the Fund on closing out the contract and deducting minimum Dealing Costs in the case of profits and adding them back in the case of loss. If the Property is an off-exchange derivative in accordance with a valuation method, on both an issue and cancellation basis, agreed between the Manager and the Trustee;
- if any other forms of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value) on both an issue and cancellation basis. If the property is an off-exchange derivative, include at a valuation method agreed between the Manager and the Trustee.

In determining the value of the property of a Fund, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

Subject to the next paragraph, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.

Futures or contracts for differences which are not yet due to be performed, and written or purchased options which have not expired or been exercised, shall not be included in the above paragraph. All agreements are to be included under the above paragraph which are, or ought reasonably to have been, known to the person valuing the property.

Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax (both realised and unrealised gains), income tax, corporation tax, value added tax and stamp duty reserve tax and any other fiscal charge not covered under this deduction.

Deduct an estimated amount for any liabilities payable out of the Fund property and any tax thereon treating periodic items as accruing from day to day.

Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

Deduct the value of any option written (if the premium for writing the option has become part of the scheme property).

Deduct, in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the valuation point).

Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable and any stamp duty reserve tax provision anticipated to be received.

Add any other credits or amounts due to be paid into the property of the Fund.

Add, in the case of a margined contract, any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the valuation point).

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

Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

Property which is a derivative constituting a contingent liability transaction shall be treated as follows:

- i. if a written option (and the premium for writing the option has become part of the scheme property) include an amount equivalent to the value net of premium on closing out the contract (whether as a positive or negative value). On expiry, where the contract remains unexercised and is "out-of-the money", no value will be attributable to the contract, other than by way of the premium received or receivable;
- ii. if a purchased option (and the premium for purchasing the option has been paid from the scheme property) an amount equivalent to the value net of premium on closing out the contract (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded.) On expiry, where the contract remains unexercised and is "out-of-the money", no value will be attributable to the contract, other than by way of the premium paid or payable;
- iii. if an exchange-traded future or any other form of contingent liability transaction, include at the value net of margin on closing out the contract (estimated on the basis of the amount of variation margin (whether receivable or payable by the Fund on closing out the contract)) on the best terms then available on the most appropriate market on which such contracts are traded; and
- iv. if an off-exchange future or contract for differences ("OTC derivatives") or forward foreign exchange contract, include at the net value of closing out the contract (estimated on the basis of the amount of profit or loss receivable or payable by the Fund on closing out the contract in accordance with the valuation methods in COLL 5.2.23R).

## **(B) PRICING BASIS**

The Trust is dual priced and the value of the property of the Fund shall be determined in accordance with the FCA Rules. The Manager deals on a forward pricing basis. A forward



price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager.

Large deals: For Income units this will be £30,000 or 20,000 units whichever is the higher value. For Accumulation units this will be £30,000 or 30,000 units whichever is the higher value.

For large deals (subject to the Regulations), the Manager may sell units at more than, or redeem units at less than, the published price.

## **(C) PUBLICATION OF PRICES**

The most recent prices of Units are currently available on request by calling 0345 026 4282 on any Dealing Day, or by visiting [www.fundrock.com](http://www.fundrock.com).

The Manager may also, at its sole discretion, decide to publish certain unit prices in other third party websites or publications but the Manager does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the Manager. As the Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal.

## 12. TAXATION OF THE FUND

### (A) General

The following information is only a summary of the taxation position of the Fund and Unitholders who are resident for tax purposes in the UK. It does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching or disposing of Units in the Fund under the laws of the jurisdiction in which they may be subject to tax.

### (B) The Fund

The Fund is treated as a separate entity for UK tax purposes. The Fund is exempt from UK tax on capital gains realised on the disposal of investments held within them.

Dividends received by the Fund will generally be exempt from corporation tax. Profits or gains received by the Fund from transactions in futures or options contracts are exempt from tax, to the extent that the profits or gains are treated as capital in nature.

The Fund will be subject to corporation tax at 20% on other types of income but after deducting allowable expenses (which include the amount of any interest-type distributions made).

Income from foreign securities may be subject to withholding tax. Where this is the case the Fund may be entitled to a tax credit for the withholding against its UK corporation tax liability in respect of the relevant income.

### (C) Unitholders

#### Income

Individual Unitholders whose overall dividend income, including dividend distributions received from the Fund, does not exceed £1,000 should have no further tax liability in relation to the distributions regardless of the rate at which they normally pay income tax. To the extent that distributions are received in excess of an individual's £1,000 allowance, basic, higher and additional rate taxpayers will be required to pay income tax on the distributions received at a rate of 8.75%, 33.75% and 39.35% respectively.

Corporate Unitholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax certificate). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of tax at the lower rate, and corporate Unitholders may be liable to tax on the grossed up amount, with the benefit of the income tax credit attached.

Interest distributions are paid without deduction of tax at source. After taking account of any savings allowance to which the Unitholder is entitled for the tax year in which the interest distribution is received, each individual Unitholder would be subject to income tax in respect of the interest distribution at the rates of 20%, 40% or 45%, depending on the level of the Unitholder's income.

A corporate Unitholders which is within the charge to corporation tax will be subject to corporation tax in respect of the interest distribution.

### **Income Equalisation**

Income equalisation applies in relation to the Fund.

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

The amount of income equalisation is either the actual amount of income included in the issue price of that Unit or is calculated by dividing the aggregate of the amounts of income included in the price of Units issued or sold to Unitholders in an annual or interim accounting period by the number of those Units and applying the resultant average to each of the Units in question.

### **Capital Gains**

Unitholders who are 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, exchange or other disposal of Units (but not on switches between Classes within a Fund).

The amount representing the income equalisation in the Unit's price is a return of capital and is not taxable in the hands of Unitholders. This amount should be deducted from the cost of Units in computing any capital gain realised on the disposal.

These statements are based on UK law and HMRC practice as known at the date of this document. Unitholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

### **(D) Stamp Duty Reserve Tax**

With effect from 30 March 2014, the SDRT charge on the surrender of units in an authorised unit trust applies only to an in specie redemption of units made otherwise than on a pro rata basis. A redemption of Units will therefore generally be exempt from SDRT. Where a chargeable transaction occurs the Unitholder will be liable for SDRT at 0.5% of the consideration given for the Fund assets acquired on redemption.

### **(E) Inheritance Tax**

Units held in the Fund will generally form part of an individual's estate and will therefore potentially be subject to inheritance tax (IHT).

Where a Unitholder is in any doubt as to their tax status, they should seek advice from a professional tax adviser.

### **(F) The International Tax Compliance Regulations**

The Fund is required to comply with The International Tax Compliance Regulations. The regulations transpose into UK law rules and obligations derived from European Union law and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion.

To be compliant with these regulations the Fund must collect information about each investor's tax residence and in certain circumstances provide information about investors' Unitholdings to HMRC. HMRC may in turn share this information with overseas tax authorities.

Therefore, where an investor fails to provide the information required by the Fund to comply with its obligations to HMRC this may result in the Manager taking appropriate action against the Unitholder, including invoking the compulsory transfer and redemption provisions set out in section 7.

The Manager intends to procure compliance with the regulations but cannot give an assurance that this will be achieved. The underlying laws and agreements are a complex area of tax law and investors should consult their professional advisers on the implications these rules may have for them.

## **(G) Provision and disclosure of information for taxation matters**

In the UK, provisions relating to the disclosure and reporting of information are set out in The International Tax Compliance Regulations 2015 (the "**Regulations**"). These harmonise the requirements under the Common Reporting Standard, EU Council Directive 2014/107/EU and FATCA, as discussed below.

### **Common Reporting Standard**

The OECD published the Standard for Automatic Exchange of Financial Account Information in July 2014, also known as the **CRS**. The CRS is a single global standard for the automatic exchange of information ("**AEOI**") between taxation authorities in participating jurisdictions. The CRS aims to improve transparency to counter tax evasion in participating jurisdictions and to provide taxation authorities in participating jurisdictions with information on offshore or cross-border financial accounts and assets owned by individuals and entities resident in their local jurisdiction.

The CRS sets out details of the financial information to be exchanged, the financial institutions required to report such information to local tax authorities, and the common due diligence standards to be followed by financial institutions to obtain financial account information. A "financial institution" for the purposes of the CRS will include the Fund and could include any intermediary financial undertaking operating a custodial account in a participating jurisdiction in which Units are directly or indirectly held by an individual or entity resident in another participating jurisdiction.

Unitholders and prospective investors should note that there will be a requirement for the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number, tax identification number(s) of each reportable person in respect of a reportable account for the CRS, and information relating to each Unitholder's investment (including

but not limited to the value of and any payments in respect of the Units) to be disclosed by or on behalf of the Trustee to HMRC. HMRC may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, Unitholders may be required to provide additional information for the purposes of complying with the CRS.

### **European information reporting**

Council Directive 2014/107/EU (the “**Amending Cooperation Directive**”), which amends Council Directive 2011/16/EU on administrative cooperation in the field of taxation, introduces an extended regime for the automatic exchange of information between tax authorities in Member States. The Amending Cooperation Directive requires each Member State to implement the CRS.

The Amending Cooperation Directive requires Member States to adopt national legislation necessary to comply with it by 31 December 2015, and such legislation must apply from 1 January 2016 (or 1 January 2017 in the case of Austria). The UK implemented the Amending Cooperation Directive with effect from 1 January 2016.

The Trustee or its delegates, including the Manager and such other entity as may be considered to be a paying agent for these purposes, shall be entitled to require Unitholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in the Amending Cooperation Directive.

### **US regime under FATCA**

Under tax legislation in the US, an information reporting regime has been introduced known as the Foreign Account Tax Compliance Act (“**FATCA**”). Broadly, the intention of FATCA is to safeguard against US tax evasion by requiring non-US financial institutions to report to the IRS certain information in respect of certain account holders. In the event of non-compliance with the FATCA regime, the Fund may be subject to a US tax withholding of 30% on certain payments it receives and may in certain circumstances in the future be obliged to make withholding from payments to Unitholders.

Broadly, the FATCA regime has been implemented in the UK by the Regulations. Provided that the Fund registers with the IRS as a FFI and complies with its obligations pursuant to the Regulations, no FATCA withholding tax should apply. If there is significant non-compliance with the Regulations, FATCA withholding tax could then apply. Any non-compliance could give rise to penalties under the Regulations.

### **Unitholder agreement to provision of information to HMRC and other tax authorities**

In order to comply with CRS, EU Council Directive 2014/107/EU, FATCA and other regimes, the Trustee, the Manager or their delegates will report information regarding Unitholders to HMRC, as its local tax authority. This information may be passed by HMRC to the other tax authorities including the IRS under information sharing agreements.

The ability of the Trustee or the Manager to report information to HMRC will depend on each affected Unitholder providing the Trustee, the Manager or their delegate with the information required to satisfy the applicable obligations. By agreeing to subscribe for Units in the Fund, each Unitholder agrees promptly to provide such information as the Trustee or its delegate may request for such purposes, and will be deemed to have authorised the automatic disclosure of information by or on behalf of the Trustee, the Manager or their delegates to HMRC or other relevant tax authorities. If a Unitholder fails to provide the information requested, the Trustee may exercise its right to compulsorily redeem the Units held by the relevant Unitholder. Unitholders refusing to provide the requisite information to the Manager or its delegates may also be reported to HMRC.

**Unitholders are recommended to consult their professional advisers if they are in any doubt about their tax position or the possible implications of an investment in the Fund.**

### 13. **MONEY LAUNDERING AND ELECTRONIC VERIFICATION**

The Manager is subject to the Criminal Justice Act 1993 and the Money Laundering Regulations 2003 which implemented the EU Money Laundering Directive. These require all firms carrying on investment business to deter criminals from using the facilities for money laundering.

Under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act, The FCA Senior Management Arrangements Systems & Controls Sourcebook and the guidance in the Joint Money Laundering Steering Group Guidance Notes (which are updated from time to time), states that the Manager must check an applicant's identity and, in certain circumstances, the source of the money invested. The Manager may also request verification documents from the applicant or parties associated with the applicant. In some cases, documentation may be required for officers performing duties on behalf of applicants who are bodies corporate. The checks may include an electronic search of information held about the applicant (or an associated party) on the electoral role and using credit reference agencies. The credit reference agency may check the details the applicant (or an associated party) supplies against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although that is only to verify identity and will not affect the applicant's (or an associated party's) credit rating. They may also use the applicant's (or an associated party's) details in the future to assist other companies verification purposes. In applying for Units an applicant is giving the Manager permission to ask for this information in line with Data Protection Laws. If an applicant invests through a financial adviser they must fill an identity verification certificate on their behalf and send it to the Manager with the application.

### 14. **UNITHOLDER MEETINGS AND VOTING RIGHTS**

#### **(A) Requisitions of Meetings**

The Manager or the Trustee may requisition a general meeting at any time.

Unitholders may also requisition a general meeting. A requisition by Unitholders must state the object of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition

must be deposited with the Trustee. The Manager or the Trustee must convene a general meeting no later than eight weeks after receipt of such requisition.

## **(B) Notice and Quorum**

Unitholders will receive at least fourteen days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Unitholders, in attendance in person or by proxy. If at an adjourned meeting, a quorum is not in attendance after a reasonable time from the time for the meeting, one Unitholder entitled to be counted in the quorum present in person at the meeting shall constitute a quorum. Notices of meetings and adjourned meetings will be sent to Unitholders at their registered addresses. In the case of joint named holders the notice will be sent to the first named holder.

## **(C) Unitholders**

Unitholders for these purposes means those Unitholders on the register at a reasonable period before the notice of the meeting is sent out.

## **(D) Voting Rights**

The provisions below, unless the context otherwise requires, apply to class meetings as they apply to general meetings of the Fund, but by reference to Units of the Class concerned and the Unitholders and value and prices of such Units.

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

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the meeting or by not less than two Unitholders or by the Trustee. A demand by a proxy is deemed to be a demand by the member appointing the proxy. The chairman must exercise his power to demand a poll if requested to do so by the Manager.

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Unit bears to the aggregate price(s) of all the Units in issue at the date seven days before the notice of meeting is sent out. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and, if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some forum and time fixed by him for the purpose of declaring the result of the poll.

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

For joint Unitholders of a unit, only the vote of the first named in the register of Unitholders can be taken. For joint Unitholders, the vote of the most senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Unitholders. For this

purpose seniority must be determined by the order in which the names stand in the register of Unitholders.

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

Where a resolution (including an extraordinary resolution) is required to conduct business at a meeting of Unitholders and every Unitholder is prohibited under COLL 4.4.8R(4) from voting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee to the process, instead be passed with the written consent of the Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

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

Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Unitholder on the ground (however formulated) of mental disorder, the Manager may in its absolute discretion upon or subject to production of such evidence of the appointment as the Manager may require, permit such receiver or other person on behalf of such Unitholder to vote on a poll in person or by proxy at any meeting of Unitholders or class meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of Units in relation to such a meeting.

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote may be disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Manager may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument appointing the proxy pursuant to the next following paragraph, failing which the instrument may be treated as invalid.

An instrument appointing a proxy must be left at or delivered to such forum or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no forum is so specified, to or at the Manager's head office) by the time which is forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or



on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy shall, unless contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

A vote cast by proxy shall not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of title to the Units concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Manager at its head office by the time which is two hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

Any corporation which is a holder of Units in the Fund may by resolution of the directors or other governing body of such corporation and in respect of any Unit or Units in the Fund of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Unitholders or of any class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Unit or Units if it were the individual Unitholder in the Fund and such corporation shall for the purposes of the Trust Deed be deemed to be in attendance in person at any such meeting if an individual so authorised is in attendance.

## 15. **WINDING-UP OF THE FUND**

### **(A) Conditions**

The Trustee shall proceed to wind-up the Fund in the circumstances set out in COLL 7.4.3R(2), including the following:

- if the order declaring the Fund to be an authorised unit trust scheme is revoked, or
- if the Manager or the Trustee requests the FCA to revoke the order declaring the Fund to be an authorised unit trust scheme and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Fund, the FCA will accede to that request, or
- on the effective date of a duly approved scheme of arrangement which is to result in the Fund being left with no property.

### **(B) Procedure**

If any of the events set out above occurs COLL 5 or COLL 6 (as appropriate) of the FCA Rules, concerning Pricing and Dealing and Investment and Borrowing Powers will cease to apply. The Trustee shall cease to issue and cancel 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 Fund in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the Fund falls to be wound-up, realise the assets of the Fund 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 FCA in writing of that fact and the Trustee or the Manager shall request FCA to revoke the order of authorisation.

## 16. **GENERAL INFORMATION**

### **(A) Accounting Periods**

The annual accounting period of the Fund ends on 31 December and the interim accounting period ends on 30 June.

### **(B) General**

For security, telephone calls are recorded.

### **(C) Annual Reports**

Subject to the FCA Rules, an annual and interim report and accounts will be prepared in respect of the Fund each year. The annual long reports will be made available and published up to four months after the annual accounting date of the Fund and the interim long reports will be made available and published up to two months following the interim accounting date of the Fund.

Copies of the interim and annual long reports will be available on request from the Manager and on the Manager's website at [www.fundrock.com](http://www.fundrock.com).

Copies of all reports to Unitholders will be available for inspection by the general public at the Manager's offices at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

### **(D) Remuneration Policy**

The Manager establishes and applies remuneration policies and practices for UCITS Remuneration Code staff that:

- are consistent with and promote sound and effective risk management;
- do not encourage risk taking which is inconsistent with the risk profiles or the instrument constituting the fund or the prospectus, as applicable, of the UCITS it manages;

- do not impair the Manager's compliance with its duty to act in the best interests of the UCITS it manages; and
- include fixed and variable components of remuneration, including salaries and discretionary pension benefits.

Up-to-date details of the Manager's remuneration policy, including but not limited to (i) a description of how remuneration and benefits are calculated; and (ii) the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, can be found at [www.fundrock.com](http://www.fundrock.com). Unitholders may obtain a paper copy of the full remuneration policy, free of charge, on request from the Manager.

### **(E) Documents of the Fund**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the Manager at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY:

- the most recent annual and half yearly reports of the Fund;
- the most recent version of the Prospectus;
- the Trust Deeds (as amended); and
- the material contracts referred to below.

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents.

Unitholders may obtain on request the information referred to in COLL 4.2.3R(3), namely:

- the quantitative limits applying to the risk management of the Fund;
- the methods used in relation to (a); and
- any recent development of the risk and yields of the main categories of investment.

### **(F) Notices**

Any notices required to be served on Unitholders or any documents required to be sent out to Unitholders will be sent by post to the address noted on the Register, or in the case of joint Unitholders to the address of the first named Unitholder.

### **(G) Material Contracts**

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

- the Administration and Registrar's Agreement dated 12 June 2021 between the Manager, Apex Fundrock Ltd as amended from time to time.

## **(H) Complaints**

Complaints concerning the operation or marketing of the Fund may be referred to the Head of Compliance at the Manager at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. The website of the Financial Ombudsman Service is at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

The Financial Services Compensation Scheme offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. The Manager is covered by the Financial Services Compensation Scheme. Unitholders may be entitled to compensation from the scheme if the Manager cannot meet its obligations. Most types of investment business are covered for 100% of the first £85,000 only. Further information is available from the Financial Services Compensation Scheme (FSCS) by contacting the FSCS Limited at 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU or via telephone: on 0800 678 1100 or 020 7741 4100.

## **(I) Data Protection Notice**

Prospective Unitholders should note that all personal data contained in any document provided by Unitholders or any further data collected in the course of business with the Fund or provided personally to the Manager constitutes personal data within the meaning of the Data Protection Laws.

Such personal data will be used by the Fund for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Fund, its delegates, and agents. Such processing of personal data is required: (i) for the performance of tasks that are necessary for the performance of the contract between the Unitholder and the Fund, (ii) for compliance with certain legal obligations to which the Fund is subject, or (iii) is carried out on as the Manager considers it is within its legitimate interests to do so (the "Grounds for Processing"). The Manager follows strict security procedures as to how prospective Unitholders' personal data is stored and used, and who sees it, to help stop any destruction, loss, alteration or an unauthorised person accessing it.

Unitholders acknowledge that such personal data are disclosed by the Fund, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies on the basis of the above Grounds for Processing and that such entities ("Apex Fundrock's Associates") may further process (including obtaining, holding, using, disclosing and otherwise processing) the personal data on the basis of the same Grounds for Processing for any one or more of the following purposes:

- to manage and administer the Unitholder's holding in the Fund and any related accounts on an ongoing basis;
- to carry out statistical analysis and market research;
- to comply with legal, regulatory and taxation obligations applicable to the Unitholder and the Fund; or

- for disclosure or transfer, whether in the United Kingdom or countries or territories outside of the United Kingdom, including, but without limitation, the United States, to third parties, including financial advisors, regulatory bodies, auditors and technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above.

Where transferring personal data outside the UK, such as to the United States, Apex Fundrock's Associates shall take such additional steps to adequately protect the Shareholders' personal data as required under Data Protection Laws. This may include, in the absence of an adequacy regulation, safeguards such as the ICO's International Data Transfer Agreement.

In cases where personal data is shared with third parties who are themselves controllers, Apex Fundrock's Associates will consider the applicable requirements of the ICO's statutory code of practice, which means, amongst others, that Apex Fundrock's Associates will have to have written terms in place with any other controller setting out what categories of personal data are being shared and for what purpose. When sharing personal data with another organisation who is a processor, Apex Fundrock's Associates is aware that certain mandatory written terms must be included in that contract, as well as having carried out due diligence on the recipient before sharing personal data with it.

The Fund, the Manager and Apex Fundrock's Associates may also process Unitholders' personal information where it or they consider there are other legitimate business interests of the Fund (including fraud prevention) to necessitate the processing (having shown that its legitimate interests are not overridden by the individuals' own interests, rights, and freedoms) or for any other specific purposes where the investor has given specific consent to the processing (in advance). If a prospective investor has provided consent for their personal data to be processed, the prospective investor shall be entitled to withdraw their consent at any time by contacting the ACD at [DPO@apexfs.com](mailto:DPO@apexfs.com). Please note, in particular, in order to comply with the Common Reporting Standard (Please see the section of this Prospectus entitled "Taxation – Common Reporting Standard"), as implemented in the United Kingdom by the International Tax Compliance Regulations 2015, an investor's personal data (including financial information) may be shared with HM Revenue & Customs and other tax authorities.

They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the UK or European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.gov.uk](http://www.gov.uk) for further information in this regard.

Please note that your personal data will be retained by the Fund for as long as necessary to fulfil the purposes the Manager collected it for, which, in general terms, is likely to be for the duration of the relevant investment and otherwise in accordance with the Fund's legal obligations (e.g. 7 years in the UK). Pursuant to the Data Protection Laws, Unitholders have a right of access to their personal data kept by the Fund, the right to amend and rectify any inaccuracies in their personal data held by the Fund and the right to data portability of their personal data by making a request to the Fund in writing at [DPO@apexfs.com](mailto:DPO@apexfs.com). For further information in relation to your data protection rights refer to the website of the Information Commissioner's Office at <https://ico.org.uk/> and search for "Individual Rights".

**The Manager reserves the right to change, modify, add or remove portions of this notice from time to time in our sole discretion, but will inform Unitholders of all material changes. If you have any questions or concerns regarding this notice or Defined Term's practices please contact the Manager at [DPO@apexfs.com](mailto:DPO@apexfs.com).**

## 17. **RISK WARNINGS**

Potential Unitholders should consider the following risk factors before investing in the Fund.

### **(A) General**

The investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The price of the Fund is calculated daily and is influenced by the value of the assets held by the Fund. The value of investments and the income derived from them may fall as well as rise and Unitholders may not recoup the original amount they invest in the Fund. There is no certainty that the investment objective of the Fund will actually be achieved and no warranty or representation is given to this effect.

### **(B) Past Performance**

Past performance is not necessarily a guide to future performance.

### **(C) Effect of Initial Charge or Redemption Charge**

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

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

The Units should be viewed as a medium to long-term investment, and should therefore only be considered as an investment for five years or longer.

### **(D) Suspension of Dealings in Units**

Unitholders are reminded that in certain circumstances their right to redeem Units may be suspended (see "Suspension of Dealings" in Section 7(J)).

### **(E) Charges taken from Capital**

If the investment objective of a Fund is income generation rather than capital growth, or the generation of income and capital growth have equal priority, all or part of the Manager's fee may be charged against capital instead of against income. The treatment of the Manager's fee may increase the amount of income (which may be taxable) available for distribution to Unitholders in the Fund but may constrain capital growth.

### **(F) Equity Investments**

Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.

## **(G) Exchange Rates**

Changes in exchange rates between currencies may cause the value of both the capital and income of a Unitholder's investment to increase and diminish.

## **(H) Income**

The level of income and income accumulated may not be constant and may fluctuate.

## **(I) Cancellation Rights**

Where cancellation rights are applicable, if Unitholders choose to exercise their cancellation rights and the value of their investment falls before notice of cancellation is received by the Manager in writing, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

## **(J) Liquidity Risk**

The Funds' assets mainly comprise securities that can be readily sold. The Fund invests primarily in Asian companies, which may be less liquid than companies in more developed markets. The main liability of the Fund is the redemption of any units that investors wish to sell.

## **(K) Inflation**

Inflation may affect the real value of a Unitholder's savings and investments, which may reduce the buying power of the money they have saved and their investments.

## **(L) Securities Lending and Securities Financing Transactions Risk**

The Funds may engage in stock lending or securities financing transactions with the Trustee where the Trustee lends the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered to the Trustee at a later date. The Trustee receives assets as collateral to cover the risk of the future re-delivery not being completed. The Trustee ensures that it is at any time able to terminate any securities lending agreement into which it has entered. As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, the Fund may invest cash collateral received, subject to the conditions and within the limits laid down in the COLL Sourcebook, investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

## **(M) Derivatives**

**Derivatives are investments, whose value depends on the changes in an underlying asset or security. The stock is not physically held but there is a contract based on a number of predictions in time or price in the future.**



## **Derivatives and warrants**

The use of futures, options, warrants, forwards or swaps involves increased risk. The Fund's ability to use such instruments successfully depends on the Investment Manager's ability accurately to predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Investment Manager's predictions are wrong, or if the derivatives do not work as anticipated, the Fund could suffer greater loss than if the Fund had not used derivatives. The use of derivatives for hedging purposes also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) possible impediments to effective portfolio management or the ability to meet redemption.

## **Writing Call Options**

The Fund may in the future write out of the money call options to generate income. These call options will be "covered", as the Fund will not sell a call option on a specific stock unless it has a long equity exposure to that stock (either directly or indirectly via financial derivatives). As a consequence, the ability of the Investment Manager to change the make-up of the portfolio may be constrained. Unitholders should note that potential capital growth of the fund would be capped if these call options are exercised against the Fund and the Fund's capital returns are likely to be lower than the market in periods of rapidly rising share prices.

Options may also be traded directly on exchange or over-the-counter ("OTC"). It is anticipated that the call options will initially be transacted through an OTC counterparty, and once agreed, confirmed and cleared using the services provided by an exchange. Further information on this process is available on request. This allows the Fund to benefit from the flexibility of OTC options whilst gaining the benefits of an exchange and clearing house environment. This reduces both operational and counterparty risk to the Fund.

Use of derivatives for efficient portfolio management will generally have the effect of reducing the risk profile and volatility of the Fund. Use of derivatives for investment purposes (which is permissible for the Fund) may increase the risk profile and volatility of the Fund.

Warrants can expose the Fund to a higher degree of risk because of the effect of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of a warrant. The prices of warrants can therefore be volatile. As up to 100% of the property of the Fund may be invested in warrants, the net asset value of the Fund may at times be highly volatile.

## **Counterparty and Settlement**

The Fund will be subject to the risk of the inability of any counterparty to perform with

respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, it should be noted that transactions may not always be settled by delivery versus payment and this may expose the Fund to greater counterparty risk and potentially to loss in excess of the counterparty's obligations to the Fund.

### **Counterparty Risk in Over-the-Counter Markets**

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

### **EPM**

The Fund Property may enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). The exposure to EPM must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

**Currently the Fund may be invested in derivatives in line with the investment objectives of the Fund but solely for the purposes of hedging with the aim of reducing the risk profile of the Fund in accordance with the principles of EPM. Derivatives can expose the Scheme Property to a higher degree of risk.** For example, because of the effect of gearing, relatively small market movements can result in disproportionately high levels of loss. Off exchange transactions can carry higher levels of risk due to lack of liquidity, difficulty in valuing the investment and determining a fair price. For an explanation of the Funds hedging strategy please refer to Appendix B.

### **Regulation (EU) 2015/2365 of the European Parliament and of the Council: the Securities Financing Transaction Regulation**

The Fund may use securities financing transactions to help meet the investment objective of a Fund and/or as part of efficient portfolio management.

The Manager may select from an extensive list of full service and execution-only brokers and counterparties. All prospective and existing counterparties require the approval of the Manager.

In order for a new counterparty to be approved, a requesting portfolio manager or trader is required to submit a request to the Manager. The Manager will review relevant

information to assess the credit worthiness of the proposed counterparty in combination with the type of the proposed security transactions. A list of approved trading counterparties is maintained by the Manager and reviewed on an on-going basis.

Counterparty reviews take into account the fundamental creditworthiness (ownership structure, financial strength, regulatory oversight) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities. Counterparties are monitored on an ongoing basis through the receipt of audited and interim financial statements, via alert portfolios with market data service providers, and where applicable, as part of the Manager's internal research process. Formal renewal assessments are performed on a cyclical basis.

The Manager selects brokers based upon: (a) their ability to provide good execution quality (i.e. trading), whether on an agency or a principal basis; (b) their execution capabilities in a particular market segment; and (c) their operational quality and efficiency. We expect them to adhere to regulatory reporting obligations.

Once a counterparty is approved by the manager, broker selection for an individual trade is then made by the relevant dealer at the point of trade, based upon the relative importance of the relevant execution factors. For some trades, it is appropriate to enter into a competitive tender amongst a shortlist of brokers. The Manager performs pre-trade analysis to forecast transaction cost and to guide the formation of trading strategies including selection of techniques, division between points of liquidity, timing and selection of broker. In addition, the Manager monitors trade results on a continuous basis.

Broker selection will be based on a number of factors including, but not limited to the following:

- Ability to execute and execution quality;
- Ability to provide Liquidity/capital;
- Price and quote speed;
- Operational quality and efficiency; and
- Adherence to regulatory reporting obligations.

**Acceptable Collateral and valuation:**

Collateral obtained in respect of derivatives (including forward exchange) and efficient portfolio management techniques, such as repo transactions or securities lending arrangements ("Collateral"), must comply with the following criteria:

- liquidity: Collateral (other than cash) should be sufficiently liquid in order that it can be sold at a price that is close to its pre-sale valuation;
- valuation: Collateral should be capable of being valued on a daily basis<sup>33</sup> and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;

- issuer: Collateral (other than cash) may be issued by a range of issuers;
- correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- diversification: there is no restriction on the level of diversification required with respect to any country, market or issuer; and
- maturity: Collateral received may have a maturity date such as bonds or may not have a maturity date such as cash and equity.

The value of Collateral obtained is marked to market on a daily basis. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the general intention of the Manager that any Collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate. In addition, the Manager has implemented a haircut policy in respect of each class of assets received as Collateral. A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral and the price volatility of the Collateral.

## **(N) Cyber Security**

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the Fund and the Unitholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Fund and its service providers. Cyber security risks may result in financial losses to the Fund and the Unitholders; the inability of the Fund to transact business with the Unitholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Unitholders; the inability to process transactions with Unitholders or the parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Fund's service providers (including but not limited to the Manager and the Trustee and their agents), financial intermediaries, companies in which the Fund invests and parties with which the Fund engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Fund or the Unitholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Fund does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Fund invests or with which it does business.

## **(O) Risks related to pandemics and public health issues**

Epidemics, pandemics, outbreaks of disease, public health issues such as COVID-19 (or other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, and Severe Acute Respiratory

Syndrome (SARS) could materially adversely affect the Manager and any third party service provider it appoints, as well as the activities, operations and investments of the Fund.

Notable disruptions may include material uncertainty in the ability to value the assets and lack of available investments. This may impact a Fund's performance and liquidity.

Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, had material adverse effects on the economies, private markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which could adversely affect the business, financial condition, operations and liquidity of the Manager, its service providers (including the Investment Manager), and the Fund. Should these or other major public health issues, including pandemics, arise or spread (or continue to worsen), the Manager, its service providers (including the Investment Manager) and the Fund could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Manager, or its service providers' (including the Investment Manager's) and the Fund's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

## **(P) Political Risks**

The value of the Fund's investments may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

## APPENDIX A

A market is eligible for the purposes of the COLL Sourcebook if it is:

1. a regulated market as defined in the FCA Handbook; or
2. a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.

A market not falling within (a) or (b) above is eligible for these purposes if:

- (1) the Manager, after consultation with the Trustee, decides that market is appropriate for these purposes on the basis that it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors; and
- (2) the Trustee has taken reasonable care to determine that:
  - adequate custody arrangements can be provided for the investment dealt in on that market; and
  - all reasonable steps have been taken by the Manager in deciding whether that market is eligible

The eligible markets of the Fund are as follows:

### Eligible Securities Markets

Australia	The Australian Securities Exchange
Brazil	BM & F BOVESPA
Canada	Montreal Exchange
	Toronto Stock Exchange
	TSX Venture Exchange
Czech Republic	Prague Stock Exchange
Chile	Santiago Stock Exchange
China	Shenzhen Stock Exchange
	Shanghai Stock Exchange
Colombia	Bolsa de Valores de Colombia
Egypt	The Egyptian Exchange
Finland	The Helsinki Stock Exchange
Hong Kong	Hong Kong Stock Exchanges
	Shanghai-Hong Kong Stock Connect (Northbound trading)
	Shenzhen-Hong Kong Stock Connect (Northbound trading)
Hungary	Budapest Stock Exchange

Iceland	Iceland Stock Exchange OMX Nordic Exchange
India	Bombay (Mumbai) Stock Exchange National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange, 1st and 2nd Sections Osaka Securities Exchange Nagoya Stock Exchange Sapporo Stock Exchange
Jordan	Amman Stock Exchange
Kenya	Nairobi Stock Exchange
Korea	Korea Stock Exchange KOSDAQ
Kuwait	Kuwait Stock Exchange
Malaysia	The Bursa Malaysia
Mexico	Mexican Stock Exchange
Morocco	Casablanca Stock Exchange
New Zealand	New Zealand Stock Exchange
Nigeria	Nigerian Stock Exchange
Oman	Muscat Securities Market
Pakistan	Islamabad Stock Exchange Lahore Stock Exchange Pakistan Stock Exchange
Peru	Lima Stock Exchange
Philippines	The Philippines Stock Exchange
Poland	Warsaw Stock Exchange
Romania	Bucharest Stock Exchange
Russia	Moscow Exchange (MOEX) <b>(Ineligible market effective March 2022)</b>
Saudi Arabia	Saudi Arabian Stock Exchange
Singapore	Stock Exchange of Singapore

South Africa	JSE Securities Exchange
Switzerland	SIX Swiss Exchange AG
Sri Lanka	Colombo Stock Exchange
Taiwan	The Taiwan Stock Exchange Taipei Stock Exchange
Thailand	The Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
United Arab Emirates	NASDAQ Dubai Dubai Financial Market Abu Dhabi Securities Market
United Kingdom	The Alternative Investment Market
United States of America	The New York Stock Exchange The NASDAQ Stock Market NYSE American
Vietnam	Ho Chi Minh Stock Exchange

### **Eligible Derivatives Markets**

NYSE American  
Australian Securities Exchange  
Mexican Derivatives Exchange  
Chicago Board of Trade  
Chicago Board Options Exchange  
Chicago Stock Exchange  
CME Group INC  
NASDAQ OMX Copenhagen A/S  
Eurex  
Euronext Amsterdam  
Helsinki Exchanges Group  
Hong Kong Futures Exchange  
NYSE Euronext.LIFFE  
Irish Futures and Option Exchange  
Irish Stock Exchange



Kansas City Board of Trade  
London International Financial Futures and Options Exchange  
Euronext Paris  
BME, Spanish Exchanges  
Midwest Stock Exchange  
Montreal Stock Exchange  
New York Futures Exchange  
New York Mercantile Exchange  
New York Stock Exchange  
New Zealand Futures Exchange  
OMLX The London Securities and Derivatives Exchange Ltd (Turquoise)  
OM Stockholm AB  
Osaka Securities Exchange  
NYSE Arca  
NASDAQ OMX Futures Exchange  
NASDAQ OMX PHILX  
Singapore Exchange  
South Africa Futures Exchange  
Sydney Futures Exchange  
The National Association of Securities Dealers Automated Quotations System  
MEFF Rent Fiji  
Toronto Futures Exchange  
Tokyo Stock Exchange

## APPENDIX B

### 1 **General**

The Fund Property will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in the Fund's investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to UK UCITS retail schemes.

#### 1.1 **Prudent spread of risk**

The Manager must ensure that, taking account of the investment objectives and policy of each Fund, the Fund Property of each Fund aims to provide a prudent spread of risk.

#### 1.2 **Cover**

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

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

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

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

### 2 **UCITS schemes – general**

2.1 The Fund Property of the Fund must, except where otherwise provided in COLL 5, only consist of any or all of:

transferable securities;

approved money market instruments;

units in collective investment schemes;

permitted derivatives and forward transactions;

permitted deposits; and

cash and near cash.

### 3 **Transferable securities**

3.1 A transferable security is an investment which is any of the following of:

- (a) a share;
- (b) a debenture;
- (c) an alternative debenture;
- (d) a government and public security;
- (e) a warrant; or
- (f) a certificate representing certain securities.

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

3.3 In applying paragraph 3.2 of this Appendix to 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.

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

### 4. **Investment in transferable securities**

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

4.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

4.1.2 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 under the FCA Handbook;

4.1.3 reliable valuation is available for it as follows:

4.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

4.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

4.1.4 appropriate information is available for it as follows:

- 4.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
- 4.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
- 4.1.5 it is negotiable; and
- 4.1.6 its risks are adequately captured by the risk management process of the Manager.
- 4.2 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 shall be presumed:
- 5. **Closed end fund constituting transferable securities**
- 5.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Fund, provided it fulfils the criteria for transferable securities set out in 4.1 above and either:
  - 5.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 5.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 5.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 5.1.2 where the closed end fund is constituted under the law of contract:
    - 5.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 5.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
- 6. **Transferable securities linked to other assets**
- 6.1 The Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Fund provided the investment:
  - 6.1.1 fulfils the criteria for transferable securities set out in 4.1 above; and
  - 6.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Fund can invest.
- 6.2 Where an investment in 6.1 contains an embedded derivative component, the requirements of this paragraph with respect to derivatives and forwards will apply to that component.

## 7. **Approved Money-Market Instruments**

7.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

7.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:

7.2.1 has a maturity at issuance of up to and including 397 days;

7.2.2 has a residual maturity of up to and including 397 days;

7.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

7.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 7.2.1 or 7.2.2 or is subject to yield adjustments as set out in 7.2.3.

7.2.5 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.

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

7.2.6.1 enabling 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

7.2.6.2 based either on market data or on valuation models including systems based on amortised costs.

7.2.7 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the Manager that would lead to a different determination.

## 8. **Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**

8.1 Transferable securities and approved money-market instruments held within a Fund must be:

8.1.1 admitted to or dealt on an eligible market (as described in 9.3.1 or 9.4); or

8.1.2 dealt on an eligible market (as described in 9.3.2); or

8.1.3 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 10.1; or

8.1.4 recently issued transferable securities provided that:

- 8.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- 8.1.4.2 such admission is secured within a year of issue.
- 8.1.5 However, the Fund may invest no more than 10% of the Fund Property in transferable securities and approved money-market instruments other than those referred to in 8.1.

## 9 **Eligible markets regime: purpose**

- 9.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 9.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 8.1.5 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as a breach beyond the control of the manager.
- 9.3 A market is eligible for the purposes of the rules if it is:
  - 9.3.1 a regulated market as defined in the FCA Handbook; or
  - 9.3.2 a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.
- 9.4. A market not falling within paragraph 9.3 of this Appendix is eligible for the purposes of COLL 5 if:
  - 9.4.1 the Manager, after consultation with and notification to the Trustee, decides that market is appropriate for investment of, or dealing in, the Fund Property;
  - 9.4.2 the market is included in a list in the prospectus; and
  - 9.4.3 the Trustee has taken reasonable care to determine that:
    - 9.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 9.4.3.2 all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- 9.5 In paragraph 9.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## 10. **Money-market instruments with a regulated issuer**

- 10.1 In addition to instruments admitted to or dealt in on an eligible market, the Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
  - 10.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

- 10.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 below.
- 10.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
  - 10.2.1 the instrument is an approved money-market instrument;
  - 10.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 12 below; and
  - 10.2.3 the instrument is freely transferable.
- 11. **Issuers and guarantors of money-market instruments**
  - 11.1 The Fund may invest in an approved money-market instrument if it is:
    - 11.1.1 issued or guaranteed by any one of the following:
      - 11.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
      - 11.1.1.2 a regional or local authority of the United Kingdom or an EEA State;
      - 11.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;
      - 11.1.1.4 the European Union or the European Investment Bank;
      - 11.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
      - 11.1.1.6 a public international body to the United Kingdom or one or more EEA States belong; or
    - 11.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
    - 11.1.3 issued or guaranteed by an establishment which is:
      - 11.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law; or
      - 11.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.
  - 11.2 An establishment shall be considered to satisfy the requirement in 11.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
    - 11.2.1 it is located in the European Economic Area;
    - 11.2.2 it is located in an OECD country belonging to the Group of Ten;
    - 11.2.3 it has at least investment grade rating;

11.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

## 12. **Appropriate information for money-market instruments**

12.1 In the case of an approved money-market instrument within 11.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 11.1.1.2 or a public international body within 11.1.1.6 but is not guaranteed by a central authority within 11.1.1.1, the following information must be available:

12.1.1 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;

12.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

12.1.3 available and reliable statistics on the issue or the issuance programme.

12.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 11.1.3, the following information must be available:

12.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

12.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

12.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

12.3 In the case of an approved money-market instrument:

12.3.1 within 11.1.1.1, 11.1.1.4 or 11.1.1.5; or

12.3.2 which is issued by an authority within 11.1.1.2 or a public international body within 11.1.1.6 and is guaranteed by a central authority within 11.1.1.1;

12.3.3 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.

## 13. **Spread: general**

13.1 This rule on spread does not apply to government and public securities.

13.2 Not more than 20% in the value of the Fund Property is to consist of deposits with a single body



- 13.3 Not more than 5% in value of the Fund Property is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Fund Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 13.4 The limit of 5% is raised to 25% in value of the Fund Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Fund Property.
- 13.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Fund Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 13.6 Not more than 20% in value of the Fund Property of a Fund is to consist of transferable securities and approved money market instruments issued by the same group.
- 13.7 Not more than 10% in value of the Fund Property is to consist of the units of any one collective investment scheme.
- 13.8 In applying the above limits in 13.2, 13.3 and 13.5, and subject to 13.5, not more than 20% in value of the Fund Property is to consist of any combination of two or more of the following:
- 13.8.1 transferable securities (including covered bonds) or approved money market instruments issued by; or
- 13.8.2 deposits made with; or
- 13.8.3 exposures from OTC derivatives transactions made with;  
a single body.
- 13.9 In applying the limits in 13.5 and 13.8 of this paragraph 13, 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:
- 13.9.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- 13.9.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- 13.9.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- 13.9.4 can be fully enforced by the UCITS scheme at any time.

- 13.10 For the purposes of calculating the limits in 13.5 and 13.8 of this paragraph 13 (Spread: general), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 13.10.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
- 13.10.2 are based on legally binding agreements.
- 13.11 In applying this paragraph 13, 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:
- 13.11.1 it is backed by an appropriate performance guarantee; and
- 13.11.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 13.12 Up to 100% in value of the property of a Fund may consist of warrants, provided that warrants may be held only if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the limits applicable to the Fund.

**Warrants can expose the Fund to a higher degree of risk because of the effect of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of a warrant. The prices of warrants can therefore be volatile. As up to 100% of the property of the Fund may be invested in warrants, the Net Asset Value of the Fund may at times be highly volatile.**

- 13.12.1 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing or potential call for any sum unpaid could be paid by the Fund at any time when the payment is required without contravening the COLL Sourcebook.
- 13.13 Up to 10% in value of the property of a Fund may be invested in units or shares in collective investment schemes ("second schemes") if the second schemes satisfy all of the conditions set out in COLL 5.2. 13R, including:
- (i) UCITS schemes; and
  - (ii) schemes which are not UCITS schemes provided such schemes comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive or they are recognised schemes under FSMA.

Each scheme in (i) and (ii) above must have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.

Any investment in collective investment schemes run by the Manager or an associate can only be made where COLL 5.2.16R is complied with (there is no double charging of the initial charge).

13.14

Underwriting and sub-underwriting may, subject to certain conditions, be entered into for the account of a Fund. The exposure of the Fund to such agreements and undertakings must, on any business day, be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit applicable to the Fund.

In respect of the Fund:

- i) the Fund may consist of permitted derivatives and forward transactions for investment or efficient portfolio management purposes which may increase the risk profile of the Fund. Derivatives may be used to create synthetic short positions. All derivatives will be subject to a risk management process to manage the risks associated with these derivatives;**
- ii) the exposure to any one counterparty in an OTC derivative transaction must not exceed 5 percent in value of the property of the Fund. This limit is raised to 10 percent where the counterparty is an approved bank;
- iii) a transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified herein and the transaction is covered. Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the general limits on spread (noted in (e) to (i) above). Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section;
- iv) a transaction in a derivative must be in an approved derivative; or be one which complies with the requirements for entering into OTC transactions in derivatives. A transaction in a derivative must have the underlying consisting of any or all of the following to which the Fund is dedicated, i.e. transferable securities, money market instruments, deposits, derivatives, collective investment scheme units, financial indices, interest rates, foreign exchange rates, and currencies. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Trust Deed constituting the Fund and the most recently published version of this Prospectus. A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives. Any forward transaction must be with an approved counterparty. Any forward transaction must be made with an eligible institution or an approved bank. All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining;
- v) there is a requirement to cover sales; no agreement on behalf of the Fund 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 Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.

vi) any transaction in an OTC derivative must be:

- in a future, an option, a contract for difference or a swap;
- with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank; or a person whose permission (including any requirements or limitations), as published in the FCA Financial Services Register or whose home state authorisation, permits it to enter into the transaction as principal off-exchange;
- on approved terms; the terms of the transaction in derivatives are approved only if, the Manager carries out, at least daily, 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 can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
- 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 (i) an up-to-date market value which the Manager and the Trustee have agreed is reliable or (ii) if the value referred to in (i) is not available, on the basis of a pricing model with 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 (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it or (ii) a department within the Manager which is independent from the department in charge of managing the property of the Fund and which is adequately equipped for such a purpose;

- vii) collateral required under OTC derivative transactions must be:
- marked-to-market on a daily basis and exceed the value of the amount at risk;
  - exposed only to negligible risks and is liquid;
  - held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related third party; and
  - be fully enforced by the Fund at any time;

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and are based on legally binding agreements;

- viii) the Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its property. Exposure will include any initial outlay in respect of that transaction. Cover ensures that the Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the property. Therefore, the Fund must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Detailed requirements for cover of the Fund are set out below. A future is to be regarded as an obligation to which the Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something). Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction;
- ix) transactions may only be entered into if the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative, does not exceed the net asset value of the scheme property and their global exposure to the underlying assets does not exceed the investment limit laid down in the COLL Sourcebook.

Global exposure within a Fund is a measure of the maximum potential loss to the Fund from the use of derivative instruments. Depending on the risk profile of the Fund, this is calculated using the "commitment approach" or, where appropriate, the "Value-at-Risk approach", which is considered to be an advanced risk measurement methodology.

The "commitment approach" converts derivatives into the equivalent position in the underlying assets and thereby measures the incremental exposure provided by derivatives, after all appropriate netting or hedging positions have been removed. The commitment approach is currently used by all of the Funds.

#### 14. **Spread: government and public securities**

14.1 The following paragraph applies to transferable securities and money market instruments issued by public bodies ("Such Securities").

14.2 Where no more than 35% in value of the Fund Property is invested in Such Securities issued by any one body, there is no limit on the amount which may be invested in Such Securities or in any one issue.

14.3 A Fund may invest more than 35% in value of the Fund Property in Such Securities issued by any one body provided that:

- 14.3.1 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 authorised Funds;
- 14.3.2 no more than 30% in value of the Fund Property consists of such securities of any one issue;
- 14.3.3 the Fund Property includes Such Securities issued by that or another issuer, of at least six different issues;
- 14.3.4 the disclosures required by the FCA have been made.
- 14.4 In relation to Such Securities;
  - 14.4.1 issue, issuer and guarantor include guarantee, guaranteed and guarantor; and
  - 14.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of issue.
- 14.5 In the case of the Fund more than 35% of the property of the Fund may be invested in Government and public securities issued by or on behalf of or guaranteed by the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, Bulgaria and Switzerland and by one of the following international organisations: World Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), LCR Finance plc, and the Nordic Investment Bank (NIB).
- 14.6 Notwithstanding paragraph 13.1 and subject to paragraphs 14.2 and 14.3, in applying the 20% limit in paragraph 13.8 with respect to a single body, government and public securities issued by that body shall be taken into account.
- 15. **Investment in collective investment schemes**
  - 15.1 Up to 10% in value of the property of a Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the following conditions:
    - 15.1.1 The Second Scheme must:
      - 15.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or



- 15.1.1.2 Is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met);
- 15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR (1), (3), and (4)); or
- 15.1.1.4 be authorised in another EEA State (provided the requirements of COLL 5.2.13AR are met) ; or
- 15.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
- (i) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (ii) approved the scheme's management company, rules and depositary/custody arrangements (provided the requirements of COLL 5.2.13AR are met).
- 15.1.2 The Second Scheme has terms which prohibit more than 10% in value of the Fund Property consisting of units in collective investment schemes; and
- 15.1.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with. The Fund may invest up to 10% in value of its property in collective investment schemes managed or operated by or whose Manager is Apex Fundrock Ltd or an associate of Apex Fundrock Ltd.
- 15.1.4 Where the Second Scheme is an umbrella, the provision of 15.1.2 and 15.1.3 and paragraph 13 apply to each Fund as if it were a separate scheme.
- 15.1.5 In accordance with COLL 5.2.15R (investment in associated collective investment schemes) each of the Sub-Funds may include units in a Second Scheme managed or operated by the ACD or an associate of the ACD (an "Associated Scheme"), provided the conditions in paragraph 15.1.6 are complied with.
- 15.1.6 A Sub-Fund must not invest in or dispose of units in an Associated Scheme unless:
- (a) there is no charge in respect of the investment in or the disposal of units in the Second Scheme; or
  - (b) the ACD is under a duty to pay the Sub-Fund by the close of business on the fourth Business Day following the date of the agreement to invest or dispose the amount referred to in paragraphs 15.1.6.1 or 15.1.6.2 below.

15.1.6.1 Where an investment is made, the amount referred to in paragraph 15.1.6 (b) is either:

- (a) any amount by which the consideration paid by the Sub-Fund for the units in the Associated Scheme exceeds the price that would have been paid for the benefit of the Associated Scheme had the units been newly issued or sold by it; or
- (b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the Second Scheme;

15.1.6.2 Where a disposal is made, the amount referred to in paragraph 15.1.6 (b) is the amount of any charge made for the account of the authorised fund manager or operator of the Associated Scheme or an associate of any of them in respect of the disposal.

15.1.7 In paragraph 15.1.6.1:

- (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the Associated Scheme, which is applied for the benefit of the Associated Scheme and is, or is like, a dilution levy or SDRT provision, is to be treated as part of the price of the units and not as part of any charge; and

any Switching charge made in respect of an exchange of units in one Sub-Fund or separate part of the Associated Scheme for units in another Sub-Fund or separate part of that collective investment scheme is to be included as part of the consideration paid for the units.

15.1.8 No Sub-Fund may invest in another Sub-Fund of the Company.

## 16. **Investment in nil and partly paid securities**

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

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## **Derivatives: general**

17.1

The Trustee (on the instructions of the Manager) and the Manager may utilise the property of all the Funds listed in this Prospectus to enter into transactions for the purposes of efficient portfolio management. The purpose of efficient portfolio management is to achieve one or more of the following in respect of the Fund: reduce risk, reduce cost and/or generate additional capital or income with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in the COLL Sourcebook.

There is no limit on the amount of the property of the Fund which may be used for efficient portfolio management but the transaction must be economically appropriate to the reduction of the relevant risks (whether in property prices, interest rates or exchange rates) or to the reduction of the relevant costs and the exposure must be fully "covered" (i.e. not requiring a significant provision to be made in respect of it) by cash or other property sufficient to meet any obligation to pay or deliver that could arise. The use of derivatives for efficient portfolio management purposes will not affect the risk profile of the Fund.

These transactions (except stock lending transactions) may involve options, futures or contracts for differences which are dealt in or traded on an Eligible Derivatives Market or in special circumstances an "off-exchange option" or a "synthetic future" or a forward transaction in a currency. All transactions must be covered in order to limit the exposure to risk.

There are various possible ways in which economically appropriate transactions may be permitted as listed below:

17.2

### **Closing Out**

The property of a Fund may be used in transactions to close out another transaction.

17.3

### **Reduction of Risk**

The property of a Fund may also be used in a transaction which the Manager reasonably regards as economically appropriate to the reduction of risk or cost arising in the management of the Fund as a result of fluctuations in:

- the price of the property of the Fund or any part of the Fund; or
- the price of property which it is proposed should be acquired for the Fund; or
- the price of transferable securities of a particular description or relating to particular geographic or economic sectors where it is proposed that such securities should be acquired for the Fund; or
- interest rates; or
- exchange rates.

17.4

### **Better Pricing**

The Manager may enter into transactions where it appears reasonably economically appropriate in order to acquire or dispose of property of the Fund where the total price of the transaction, including for example the exercise price of an option, is reasonably regarded by the manager as a better price than if the property was acquired or disposed of directly.

17.5

### **Efficient Investing**

The Manager may enter into derivative transactions as an alternative to acquiring the underlying or the related securities, alone or in conjunction with the securities, in any case where such investment may be accomplished in a more efficient or less costly way through the use of derivatives.

17.6

### **Cash Flow Management**

The Manager may also enter into transactions it reasonably regards as economically appropriate to the reduction of risk or cost arising in the management of the Fund by reason of any receipt or expenditure of money which is certain to take place at some time and is anticipated to take place within one month.

17.7

### **Additional Returns**

The Manager is also permitted to enter into transactions it reasonably regards as economically appropriate with a view to generating additional income or capital for the Fund with no, or an acceptable degree of, risk but only on the basis that the Manager is certain (or certain barring accidents which are not reasonably foreseeable) that the Fund will derive some benefit whether by way of capital or income by:

- a. Arbitrage: enter into transactions to take advantage of pricing imperfections in the markets; or
- b. Writing options: call options may be written (giving the Fund an obligation to sell transferable securities if called on) on property which the Fund holds or may properly hold (or an index of securities wholly related to or reasonably congruent with such property) which appear to the Manager as certain to cause the Fund to derive some benefit. If a call option is written, there must be sufficient property to which the call option relates in the Fund, which may not be disposed of while the option is outstanding and which may be called on if the holder of the option decides to exercise it. If a put option is written, then it must have an expiry date within a reasonable time and must relate to property which the Manager wishes to include within the property of the Fund at the time of writing or exercise of the option.

17.8

### **Stock lending**

As an element of efficient portfolio hedging and in order to generate additional income for the Fund with an acceptable degree of risk, the Manager may request the Trustee to enter into certain stock lending transactions in respect of the Fund. Briefly, such transactions are those where the Trustee delivers the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered to the Trustee at a later date. The Trustee at the time of delivery of the securities receives assets as collateral to cover the risk of the future re-delivery not being completed. The Trustee will ensure that it is at any time able to terminate any securities lending agreement into which it has entered.

Such transactions must always comply with the relevant requirements of the Income and Corporation Taxes Act 1988. The transactions must also comply with the relevant requirements in the COLL Sourcebook, in particular COLL 5.4, and other relevant rules and guidance. There is no limit on the value of the property of the Funds which may be the subject of stock lending transactions.

The income received for the Fund is split between the Fund and the Global Sub-Custodians (related parties to the Trustee) who will manage the Stock lending activity. The current split of the income received is that the Global Sub-Custodians will receive 25% and the Fund will receive the balance.

17.9

### **Derivatives – Investment Purposes**

The Fund may utilise derivative strategies to meet the investment objective and policy of the Fund. These strategies may include creating synthetic short positions. The use of these strategies will be subjected to a risk management process which will involve managing counterparty exposure, in respect of OTC derivative transactions, by holding collateral and/or netting positions with the same counterparty which are on equivalent terms.

**Use of derivatives for efficient portfolio management will generally have the effect of reducing the risk profile and volatility of the Fund. Use of derivatives for investment purposes may increase the risk profile and volatility of the Funds, although the Manager does not intend that the use of derivatives will affect the risk profile and volatility of the Fund.**

The Manager may use one or more separate counterparties for derivative instruments. The various limits and regulatory requirements relating to derivative instruments are described more fully in Section 4 above.

18

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

18.1

A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 22 (OTC transactions in derivatives).

- 18.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraph 10 (Money market instruments with a regulated issuer), deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 15 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in paragraph 18, interest rates, foreign exchange rates and currencies.
- 18.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 18.4 A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the instrument constituting the scheme and the most recently published version of this Prospectus.
- 18.5 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, approved money market instruments, units in collective investment schemes, or derivatives.
- 18.6 Any forward transaction must be with and Eligible Institution or an Approved Bank.
19. **Financial Indices underlying derivatives**
- 19.1 The financial indices referred to in 18.2 are those which satisfy the following criteria:
- 19.1.1 the index is sufficiently diversified;
- 19.1.2 the index represents an adequate benchmark for the market to which it refers; and
- 19.1.3 the index is published in an appropriate manner.
- 19.2 A financial index is sufficiently diversified if:
- 19.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
- 19.2.2 where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this paragraph; and
- 19.2.3 where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this paragraph.
- 19.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 19.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

- 19.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- 19.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 19.4 A financial index is published in an appropriate manner if:
  - 19.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 19.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 19.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 18.2, be regarded as a combination of those underlyings.

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

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

## 21 **Requirement to cover sales**

- 21.1 No agreement on behalf of the Fund 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 Manager on behalf of the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.
- 21.2 The above does not apply where:
  - 21.2.1 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
  - 21.2.2 the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the Fund Property which falls within one of the following asset classes:
    - 21.2.2.1 cash;
    - 21.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

21.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

21.3 In the asset classes referred to in 21.2.2.1 to 21.2.2.3, 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.

## 22 **OTC transactions in derivatives**

22.1 Any transaction in an OTC derivative under this paragraph must be:

22.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange; a CCP that is authorised in that capacity for the purposes of EMIR; a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered, a CCP supervised in a jurisdiction that has implemented the relevant G20 reforms on OTC derivatives to at least the same extent as the United Kingdom and is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 regulatory reforms dated 25 June 2019;

22.1.2 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 or an alternative counterparty will, at the request of the Manager, enter into a further transaction to sell, liquidate or close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under the following paragraph; and

22.1.3 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:

22.1.3.1 on the basis of an up-to-date market value which has been agreed is reliable; or

22.1.3.2 if the value referred to in 22.1.4.1 is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and



22.1.4 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:

22.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the Manager is able to check it; or

22.1.4.2 a department within the Manager which is independent from the department in charge of managing the Fund Property and which is adequately equipped for such a purpose.

## 23 **Risk management**

23.1 The Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. Before using the process, the Manager will notify the FCA of the details of the risk management process.

## 24 **Derivative exposure**

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

24.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Fund Property of that Fund. Therefore, the Fund must hold Fund Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 24 (Cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of the Fund.

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

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

## 25 **Cover for transactions in derivatives and forward transactions**

25.1 A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.

25.2 Exposure is covered globally if adequate cover from within the Fund Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

25.3 Cash not yet received into the Fund Property but due to be received within one month is available as cover.

25.4 Property 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.

25.5 The total exposure relating to derivatives held in a Fund may not exceed the net value of the Fund Property.

## 26 **Cover and borrowing**

26.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under the previous paragraph 25 except where 26.2 below applies.

26.2 Where, for the purposes of this paragraph the Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Fund Property.

## 27 **Investment in deposits**

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

## 28 **Significant influence**

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

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

28.1.2 The acquisition gives the Fund that power.

28.2 For the purposes of paragraph 28.1, the Fund is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 29 **Concentration**

A UCITS Scheme:

- 29.1 must not acquire transferable securities other than debt securities which
- 29.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 29.1.2 represent more than 10% of these securities issued by that body corporate;
- 29.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 29.3 must not acquire more than 25% of the units in a collective investment scheme;
- 29.4 must not acquire more than 10% of the approved money market instruments issued by any single body;
- 29.5 need not comply with the limits in paragraphs 29.2, 29.3 and 29.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

### 30 **Schemes replicating an index**

- 20.1 Notwithstanding paragraph 13, the Fund may invest up to 20% in value of the Fund Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 30.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of Efficient Portfolio Management.
- 30.3 The 20% limit can be raised up to 35% in value of the Fund Property, but only in respect of one body and where justified by exceptional market conditions.
- 30.4 In the case of the Fund replicating an index the Fund Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 30.5 The indices referred to above are those which satisfy the following criteria:
  - 30.5.1 The composition is sufficiently diversified;
  - 30.5.2 The index represents an adequate benchmark for the market to which it refers; and
  - 30.5.3 The index is published in an appropriate manner.
- 30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.
- 30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

- 30.8 An index is published in an appropriate manner if:
- 30.8.1 it is accessible to the public;
- 30.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.
- 31 **Stock lending**
- 31.1 In accordance with the Regulations, the entry into stock lending transactions or repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of that Fund, and hence for its Unitholders.
- 31.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 31.3 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 31.4 The Fund or the Trustee at the request of the Fund may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of a Fund, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.
- 31.5 The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 31.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.

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

31.8 However, the Fund will not enter into any stock lending arrangements or repo contracts.

## 32 **Cash and near cash**

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

32.1.1 the pursuit of the Fund's investment objectives; or

32.1.2 the redemption of units; or

32.1.3 efficient management of the Fund in accordance with its investment objectives; or

32.31.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

32.2 During the period of the initial offer the Fund Property of the Fund may consist of cash and near cash without limitations.

## 33 **General**

33.1 Where the Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the Manager or an associated of the Manager, the Manager must pay to the Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

33.2 A breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustee is obtained in writing but the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.

## 34 **Underwriting**

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

## 35 **Borrowing powers**

35.1 The Manager may, and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Fund Property.

- 35.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.
- 35.3 The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.
- 35.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## APPENDIX C

### PAST PERFORMANCE OF THE FUND

Below we have shown the annual historical percentage performance over the last 5 years to 31 December 2022.

The performance is measured on a total return bid to bid basis.

	Year to 31/12/2023	Year to 31/12/2022	Year to 31/12/2021	Year to 31/12/2020	Year to 31/12/2019
<b>MI Somerset Asia Income Fund (Class A)</b>	7.1	-7.2	5.2	13.1	13.1
<b>MSCI AC Asia Pacific ex Japan</b>	1.3	-7.1	-2.0	18.7	14.6

Source: Financial Express.

**Note: Past performance should not be taken as a guide to the future. The value of investments and income from them can go down as well as up and Unitholders may not get back the amount originally invested.**

#### Target Market for MiFID II:

Type of clients: retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

Clients' knowledge and experience: Unitholders with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: Unitholders must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: due to the volatility of markets and specific risks of investing in Units in the Fund (including those set out in the risk warnings in this Prospectus), Unitholders should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

Clients' objectives and needs: Unitholders should be seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Fund.

Clients' who should not invest: Units in the Fund is deemed incompatible for investors which:

are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital)

are fully risk averse/have no risk tolerance

need a fully guaranteed income of fully predictable return profile

Distribution channel: This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services).

**Best Execution:**

The Manager's order execution policy sets out the factors which the Manager expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Fund.

This policy has been developed in accordance with the Manager's obligations under the Regulations to obtain the best possible result for the Fund. Details of the order execution policy are available on the Manager's website at [www.fundrock.com](http://www.fundrock.com).



## **APPENDIX D**

### **DIRECTORY**

#### **The Manager**

Apex Fundrock Ltd  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex  
CM1 3BY

#### **Investment Manager**

Polen Capital UK LLP  
1<sup>st</sup> Floor  
15-18 Austin Friars  
London  
EC2N 2HE

#### **Registrar**

Apex Fundrock Ltd  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex  
CM1 3BY

#### **Trustee**

Northern Trust Investor Services Limited  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

#### **Custodian**

The Northern Trust Company, London Branch  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

#### **Fund Accounting**

Apex Fundrock Ltd  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex  
CM1 3BY

#### **Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

## **APPENDIX E**

### **List of other Authorised Collective Investment Schemes operated by the Manager**

### **The Manager acts as Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) or Manager of the following Funds:**

MI Activus Wealth Funds

MI Bespoke Funds ICVC

MI Brewin Dolphin Investment Funds

MI Brewin Dolphin Voyager Funds

MI Canaccord Genuity Investment Funds

MI Charles Stanley Investment Funds

MI Charles Stanley Investment Funds II

MI Chelverton Equity Fund

MI Hawksmoor Open-Ended Investment Company

MI Metropolis Valuefund

MI Quilter Cheviot Investment Funds

MI Somerset Capital Management Investment Funds ICVC

MI Sonoma Partners Funds

MI Thornbridge Investment Funds

MI TwentyFour Investment Funds

TwentyFour Income Fund

TwentyFour Select Monthly Income Fund

**APPENDIX F**

<b>Trustee – Sub-custodian Delegate Information</b>		
<b>April 2023</b>		
<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>CD's - USD</b>	Deutsche Bank AG, London Branch	

<b>CD's - USD</b>	The Northern Trust Company, Canada	
<b>Canada</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China A Share</b>	Bank of Communications Co., Ltd	
<b>China A Share</b>	China Construction Bank Corporation	
<b>China A Share</b>	Deutsche Bank (China) Co., Ltd., Shanghai Branch	
<b>China A Share</b>	Industrial and Commercial Bank of China Limited	
<b>China A Share</b>	Standard Chartered Bank (China) Limited	
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China B Share</b>	Citibank N.A., Hong Kong Branch	
<b>Clearstream</b>	Clearstream Banking S.A.,	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	

<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Egypt</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Egypt SAE
<b>Estonia</b>	Swedbank AS	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	Citibank Europe plc.	
<b>Iceland</b>	Landsbankinn hf.	
<b>India</b>	Citibank N.A.	
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	

<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	The Northern Trust Company, London	
<b>Israel</b>	Citibank, N.A., Israel Branch	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Bank of Jordan Plc	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	

<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	

<b>Saudi Arabia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Saudi Arabia
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Taiwan</b>	Citibank Taiwan Limited	
<b>Taiwan</b>	JPMorgan Chase Bank N.A.	
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	



<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates</b>	First Abu Dhabi Bank PJSC	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>Ukraine (Market suspended)</b>	JSC "Citibank"	
<b>United Kingdom</b>	Euroclear UK & International Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>Vietnam</b>	Citibank N.A., - Hanoi Branch	
<b>West Africa (UEMOA)</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	
<b>Zimbabwe</b>	The Standard Bank of South Africa Limited	Standard Chartered Bank Zimbabwe Limited

