

FUNDROCK
management company

02ND December 2020

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. FOR ISA HOLDERS IT SHOULD BE READ IN CONJUNCTION WITH THE FPL ISA TERMS AND CONDITIONS THAT HAVE PREVIOUSLY BEEN PROVIDED TO YOU. IF YOU DO NOT UNDERSTAND IT OR ARE IN ANY DOUBT AS TO THE ACTION YOU ARE TO TAKE YOU SHOULD CONSULT IMMEDIATELY WITH YOUR FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Dear Shareholder,

IMPORTANT CHANGES TO FP ARGONAUT FUNDS (the "Company") and its sub-funds (the "Sub-Funds")

We are writing to you as an investor in one or more of the Sub-Funds to inform you about some important changes that affect the Company, the Sub-Funds and (to the extent relevant) the FundRock Partners Limited ISA (the "**FPL ISA**").

The reason for the changes is because we, FundRock Partners Limited ("**FPL**") are retiring as authorised corporate director of the Company (and Sub-Funds) and are to be replaced by Valu-Trac Investment Management Limited ("**VT**").

Argonaut Capital Partners LLP will remain as investment manager of each of the Sub-Funds and there will be no change to the investment management of the Sub-Funds as a result of the developments set out in this letter.

It is intended that the changes to the Company and Sub-Funds, which we summarise below, will take effect on the 5th February 2020 (the "**Effective Date**") which is to be a non-dealing day.

Unless you hold your shares through the FPL ISA or invest in the Sub-Funds via a regular monthly investment there is no need for you to take any action as a result of these changes. VT will contact those shareholders who are regular savers into the Company and/or those whose FPL ISAs are to transfer to VT separately in order to make provision for the continuation of such arrangements.

The Financial Conduct Authority ("**FCA**") has confirmed that the implementation of the changes referred to in this letter will not affect the continued authorisation of the Company.

Should you have any queries, please call us on 01268 44 7403 between 9am to 5:00pm on any business day, or email us on FP_DataProtection@Fundrock.com, or write to us at FundRock Partners Limited – Argonaut, PO Box 11954, Chelmsford, CM99 2DR.

Thank you for investing in the FP Argonaut Funds.



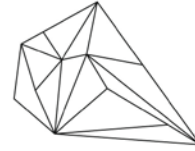
FUNDROCK
management company

Yours faithfully,

Simon Gunson

Director

FundRock Partners Limited
Authorised Corporate Director of FP Argonaut Funds



Important changes to FP Argonaut Funds

It is important that you read this notice carefully as it contains information about your investment. However, none of these changes will affect the structure of the Company (or Sub-Funds), or your ability to exercise your rights in connection with your investment.

Summary of the changes

Only a limited number of changes to the way in which the Company is operated will be made. In particular, the investment manager of the Company, Argonaut Capital Partners LLP ("**Argonaut**") will remain as investment manager following the change in authorised corporate director. There will, however, be some clarifications being made to the investment objective and policy of certain of the Sub-Funds (although these are not expected to change the way in which the Sub-Funds operate)) and further details are set out below. Please pay special attention to Section 9 in relation to the summary of changes.

1. Change of authorised corporate director ("ACD") of the Company

The ACD, which is the organisation responsible for the management and operation of the Company and Sub-Funds, will change from us, FPL, to VT on the Effective Date.

About VT

VT is a company incorporated in England & Wales. VT's registered office is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW. However, its head office and principal place of business is at Mains of Orton, Orton, Moray IV32 7QE. VT currently acts as the ACD for a range of other UK collective investment schemes similar to the Company.

2. Change of name of the Company and Sub-Funds

With effect from the Effective Date, the Company and Sub-Funds will be renamed to include reference to VT rather than FP, in order to reflect the change of ACD, as follows:

Current name	Name from the Effective Date
FP Argonaut Funds	VT Argonaut Funds
FP Argonaut Absolute Return Fund	VT Argonaut Absolute Return Fund
FP Argonaut European Alpha Fund	VT Argonaut European Alpha Fund
FP Argonaut European Income Opportunities Fund	VT Argonaut Equity Income Fund

3. Change of Head Office

From the Effective Date, the Head Office of the Company will also change to Level 13 Broadgate Tower, 20 Primrose Street London EC2A 2EW which is also the registered office of VT. The address for all correspondence relating to



the Company from the Effective Date will be Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray IV32 7QE.

4. Change of Administrator and Registrar of the Company

The administrator and registrar will change from DST Financial Services Europe Limited to VT, which in turn results in some changes to dealing arrangements as follows:

- VT do not ordinarily accommodate telephone dealing (other than for additional subscriptions);
- VT's preferred method of payment is electronic payments as opposed to cheques; and
- VT administer regular savers using Standing Orders and Direct Debits. **Any Direct Debit mandate you currently have in place with FPL will terminate on the Effective Date** and anyone requiring a monthly savings facility after the Effective Date will need to arrange a new Standing Order or Direct Debit with VT.

From the Effective Date, all communications concerning the Company and Sub-Funds (including complaints and dealing instructions) should be referred to the Compliance Officer of VT at Mains of Orton, Orton, Moray IV32 7QE (Telephone 01343 880344). The prospectus of the Company will be updated from the Effective Date to reflect the changes to dealing arrangements.

5. Non-dealing day

The Effective Date will be classed as a non-dealing day in order to ensure that the transfer of data from the outgoing administrator/registrar to the incoming administrator/registrar can be accommodated. You will therefore not be able to buy or sell shares in the Sub-Funds on the Effective Date. Please note distributions will not be affected by the suspension of dealing. Dealing will resume on 8th February 2020, being the next Dealing Day following the Effective Date.

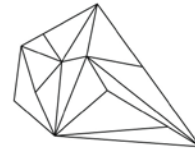
6. Price Publication

From the Effective Date, you will be able to find the most recent price of shares in the Sub-Funds at www.valu-trac.com or by calling 01343 880 344 during the ACD's normal business hours (9am to 5pm).

7. Change of Depositary and Depositary Fees

The Depositary will change from State Street Trustees Limited to NatWest Trustee and Depositary Services Limited. As a result, there will be the following changes to the Depositary's fees:

Current Depositary fee	New Depositary Fee
0.02% per annum of the value of a Sub-Fund subject to a minimum annual charge of £15,000 per Sub-Fund per annum.	Calculated on a sliding scale based on the value of the Sub-Fund: - Up to £25million – 4 bps (0.04%) per annum - £25 million to £50 million – 3.75 bps (0.0375%) per annum - £50 million to £100 million – 3.5 bps (0.035%) per annum



	- thereafter – 3 bps (0.03%) per annum subject to a minimum of £15,000 (plus VAT) per annum.
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Please note that the current size of the Sub-Funds as at 27th November 2020 is £77,324,591.55 million.

8. Change of Custodian

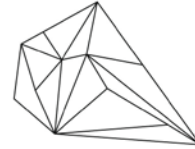
The Custodian will change from State Street Bank & Trust Company to being RBC Investor Services Trust (UK Branch). As a result there will be the following changes to the fees payable to the Custodian:

	Current Custodian charges	New Custodian charges
Transaction charges	£10 to £100 per transaction (plus VAT)	£0 to £40 per transaction (plus VAT)
Custody charges	0.0075% to 0.5% per annum of the value of property of each sub-fund (with a minimum fee of £10,000 per sub-fund)	0.00% to 0.12% per annum of the value of property of the Sub-Fund. There is no minimum fee.

9. Ongoing Charges

Various other charges, including the 'General Administration Charge' and 'Fund Accountant Fees' are being removed as it is considered that this will result in lower overall costs for investors. As a result of the above changes in fee arrangements the ongoing charges figure will change as set out in the below comparison table:

Existing Fund Name	Share Class	Existing OCF (published expenses as at 28 th February 2020)	Effective Date Fund Name	Share Class	Effective Date OCF (estimate based on projected expenses)
FP Argonaut Absolute Return Fund	Class A	3.01%	VT Argonaut Absolute Return Fund	Class A	1.65%
	Class R	2.26%		Class R	0.9%
	Class I	2.26%		Class I	0.9%



FP Argonaut European Alpha Fund	Class A	2.01%	VT Argonaut European Alpha Fund	Class A	1.81%
	Class R	1.01%		Class R	0.81%
	Class I	1.01%		Class I	0.81%
FP Argonaut European Income Opportunities	Class R	0.85% (capped)	VT Argonaut Equity Income Fund	Class R	0.85% (capped)

10. Change of Auditor

With effect from the Effective Date, the current auditors, namely Deloitte LLP, will retire and Johnston Carmichael LLP will be appointed by VT.

11. Clarifications to investment objective and policy

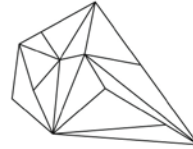
Some clarifications are also being made to the investment objective and policy of two of the Sub-Funds. Full details of the existing and new objective and policy for each of these Sub-Funds are set out in Appendix 1 to this letter. These amendments are not expected to result in any change to the way in which the Sub-Funds operate or the investments which each makes. However, if you do have any questions regarding the proposed changes to the policy (or if the relevant policy does not reflect your understanding of the Sub-Fund in which you invest) please do let us know.

12. Contact Details

	Pre Effective Date	Post Effective Date
Fund administration address	FundRock Partners Limited – Argonaut, PO Box 11954, Chelmsford, CM99 2DR	Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray IV32 7QE.
Contact number for dealing and enquiries	01268 44 7403	01343 880 344

14. Risk Warnings

From the Effective Date some additional risk warnings will be added to the Company prospectus. The new risk warnings are set out in full in Appendix 2 to this letter.



DATA PROTECTION

As a result of the proposed change of ACD, Shareholders' personal details will be transferred to VT, a company that is not within the same group of companies as FPL. FPL will retain personal details in order to comply with the FCA's record keeping rules but will not keep your personal data longer than is necessary and will take all reasonable steps to destroy, or erase from its systems, all data which is no longer required. Details of how VT processes personal data are set out in its privacy policy which can be found at www.valu-trac.com.

ISA

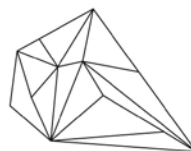
If your investment in a Sub-Fund is through a FPL ISA, please read the information contained in the Schedule carefully as action may need to be taken. If you hold shares in a Sub-Fund other than through a FPL ISA you need not take any action and can ignore the Schedule.

Should you have any queries concerning your holding on or **before the Effective Date**, please contact FPL's customer services team. Call us on 01268 44 7403 between 9am to 5:00pm on any business day, or email us on FP_DataProtection@Fundrock.com, or write to us at FundRock Partners Limited – Argonaut, PO Box 11954, Chelmsford, CM99 2DR.

COSTS

The costs of implementing the proposals will be borne by the Company.

If you have any doubt as to the action you should take in relation to this letter, we strongly recommend that you contact your professional adviser in the first instance.



SCHEDULE

IMPORTANT – ACTION MAY BE REQUIRED IF INVESTING IN THE COMPANY VIA A FPL ISA

If you currently have an investment in a Sub-Fund through a FPL ISA, it is important that you read the below information. Please note that, if you have an investment in a Sub-Fund through an ISA other than an FPL ISA, this section is not relevant.

Important changes regarding your FPL ISA:

▪ Change of Plan Manager

Following the appointment of VT as the ACD of the Company, it will no longer be possible to hold shares in a Sub-Fund through the FPL ISA as its terms permit investment only in funds managed or operated by FPL. This means that with effect from the Effective Date FPL will retire as your ISA plan manager. In order to maintain the tax-free wrapper around any investments you may have in the FPL ISA we propose to transfer the ISAs under the bulk transfer provisions of the ISA Regulations to VT. Accordingly, our retirement will coincide with the appointment of VT as your new ISA plan manager and the administrator to the ISA. Your VT ISA will remain invested in the Sub-Fund but the units will be re-registered in the name of VT (or its nominee).

The ISA transfer will occur at no cost to investors. The proposed transfer of your ISA to VT is intended to maintain the tax-free wrapper around your investment whilst minimising the amount of paperwork you need to complete.

▪ [Regular withdrawals

If you have currently arranged to receive regular withdrawals from your ISA account, this arrangement will cease. If you wish to continue receiving regular withdrawals from your ISA account after the effective date arrangements will need to be made with VT for this.]

▪ FPL ISA Terms and Conditions

From the Effective Date the terms and conditions of the FPL ISA will cease to apply and the VT ISA Terms & Conditions will be effective, a copy of which is enclosed. If you remain invested in the Sub-Fund at the Effective Date you will be deemed to have accepted the VT ISA Terms & Conditions.

There are very few differences between your current FPL ISA Terms and Conditions and those which will apply from the Effective Date. A Form of Election is also enclosed with this letter. **If you are content for your FPL ISA to transfer from FPL to VT, then you need take no further action.**

Alternatively if you do not wish your FPL ISA to be transferred to VT, please indicate your preferred option by completing and signing the Form of Election and returning it to us by **01st February 2021** in the reply paid envelope provided or otherwise addressed to FundRock Partners Limited – Argonaut, PO Box 11954, Chelmsford, CM99 2DR. Please see 'Alternative Arrangements' below.

▪ Communications & Dealing for your ISA account

Please note that from the Effective Date all communications concerning your ISA account (including complaints) should be addressed to Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray, Scotland IV32 7QE.

From the Effective Date all dealing instructions concerning your ISA account should be addressed to Valu-Trac at the address noted above or be made by telephoning Valu-Trac on +44(0) 1343 880 344, although the instruction must be confirmed in writing.



▪ Alternative Arrangements

If for any reason you do not wish to transfer your FPL ISA to VT, the following alternative options are available:

OPTION 1. You may Transfer your FPL ISA holding in the Sub-Fund to other funds of your choosing available in the FPL ISA. Details of these funds are available at www.fundrock.com

You must read an up-to-date version of the Simplified Prospectus or Key Investor Information Document (“**KIID**”), as applicable for each new fund(s) in which you wish to switch into. You should also read an up-to-date version of the relevant Supplementary Information Document (“**SID**”) and FPL ISA Terms and Conditions. Please contact us if you have not received up-to-date versions of these documents by calling 01268 44 7403 or by visiting our website www.fundrock.com.

If you choose to invest in other funds available through the FPL ISA please complete the enclosed Form of Election (ticking **Option 1**), indicating your choice of fund, sign and return it no later than 01st February 2021 in the pre-paid envelope provided.

The Transfer of your existing holding to other funds within the FPL ISA will be at no cost to you. You will not lose any of the tax advantages which you currently enjoy in your FPL ISA as a consequence of Transferring.

OPTION 2. You may transfer your FPL ISA to another ISA plan manager of your choice. If you choose this option you will need to indicate this in the enclosed Form of Election (ticking **Option 2**) and contact your chosen ISA plan manager who will make the necessary transfer arrangements for you.

Please note that it will only be possible for shares in the Sub-Fund(s) held under your FPL ISA to be re-registered with your new ISA plan manager where your new ISA plan manager offers the Sub-Fund(s). If your new ISA plan manager does not offer the Sub-Fund(s), it may be necessary for us to sell the shares and transfer the cash proceeds to your new ISA manager. In such case you will need to tell your new ISA plan manager which fund(s) you want to invest the cash proceeds into.

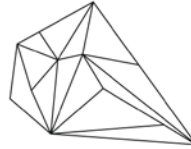
You must contact your chosen ISA plan manager and notify us that you have done so no later than 04th January 2021 to give FPL and your chosen new plan manager sufficient time prior to the Effective Date to carry out the transfer.

FPL will not charge you for the transfer of your FPL ISA to another plan manager.

If your new plan manager has not arranged the transfer with us by 8:30 a.m. on 5th February 2021, your FPL ISA will automatically be carried over to the VT ISA and you will have to provide a further notification to your chosen plan manager so that they may liaise with VT to effect the transfer following the transfer to VT. In such case, please note that you will not lose any of the tax advantages associated with your ISA investment.

It is important that you do not redeem your FPL ISA to use cash to effect such a transfer as this will result in the loss of the tax benefit of your investment.

OPTION 3. You may decide to redeem your investment in the Sub-Fund(s) held through your FPL ISA. **This will result in the loss of any future tax benefits of your investment.** If you choose to redeem your investment you will need to indicate this in the enclosed Form of Election (ticking **Option 3**) or otherwise instruct us in writing by **01st February 2021**. We will then send you the redemption proceeds.

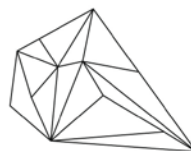


If, by 01st February 2021 we have not received your Form of Election and you have not made arrangements to redeem your FPL ISA, you will be deemed to have instructed us to transfer your FPL ISA to VT on the Effective Date.

Please note that you cannot transfer your FPL ISA into a cash ISA.

The purpose of this deemed instruction is to ensure (insofar as possible) that you retain all the benefits associated with your investment.

Please note – you only need to fill in the enclosed Form of Election if you hold your investment in the Sub-Funds through a FPL ISA. If you hold shares in the Sub-Funds other than through a FPL ISA, you need not take any action.



FPL ISA INVESTORS ONLY*

FORM OF ELECTION

If you are content for your FPL ISA to transfer from FPL to VT, then you need not complete this Form of Election.

Please complete this Form of Election in BLOCK CAPITALS in black ink and return it, by no later than 01ST February 2021, in the reply-paid envelope provided to: FundRock Partners Limited – Argonaut, PO Box 11954, Chelmsford, CM99 2DR.

The options set out below are explained in the letter which you have received alongside this Form. Terms which are used in this Form are defined in the letter.

PLEASE NOTE THAT IF YOU DO NOT COMPLETE AND RETURN THIS FORM WE WILL TRANSFER YOUR ISA TO VT AUTOMATICALLY ON 5th FEBRUARY 2021, BEING THE EFFECTIVE DATE OF THE CHANGE IN ACD AND ISA PLAN MANAGER FROM FPL TO VT.

We will be unable to accept this as a valid instruction if this Form has not been signed and dated.

PERSONAL DETAILS

[INSERT DETAILS INC. ACCOUNT NUMBER]

DECLARATION

I, being an ISA investor in the Company, hereby request that FPL implements the following option in relation to my entire shareholding in the Company:

Please select (by placing a tick in the box) **one** of the following three options:

Option 1: I would like to transfer my FPL ISA to another fund in the FPL range of funds.

My chosen fund is

My chosen share class is



By selecting this Option (1) and signing this Form:

- I confirm that I have received an up-to-date version of the Key Investor Information Document (“KIID”) and Supplementary Information for the fund specified. (These are available at www.fundrock.com); and
- I understand that the price used for the switch will be the one calculated at the next valuation point of the relevant Sub-Fund(s) and alternative fund after receipt of the Form.

OR

Option 2: I would like to transfer my FPL ISA to another ISA Manager and understand that I need to make my own arrangements prior to 04th January 2021 to initiate this.

OR

Option 3: I would like to redeem my FPL ISA and:

I would like to sell on the next Dealing Day

I will be sending separate instructions by

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(not to be later than the Effective Date)

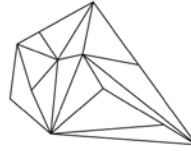
By selecting this Option (3) and signing this Form I understand that:

- my investment will not retain the ISA tax benefits attaching to it; and
- the price used for the sale of my shares will be that calculated at the next valuation point of the Company, after receipt of the form.

PLEASE SIGN

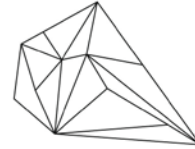
Please sign and date this form.

Signature of registered holder



Date

If signing in another capacity, please note the capacity in which you are signing (for example, Power of Attorney). If this Form is completed by an Attorney, it must be accompanied by the original Power of Attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) unless details of the Power of Attorney are already on our records.

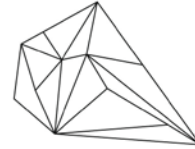


Appendix 1

Changes to investment objectives and policies

Change to the investment objective and policies of certain of the Sub-Funds

FP Argonaut European Alpha Fund (to be renamed VT Argonaut European Alpha Fund)		
	Current	New with effect from 5th February 2021
Investment Objective	The Fund aims to achieve above average returns of the Investment Association (IA) Europe ex UK Sector and attempt to perform a top quartile profile when measured against competing funds in the same sector.	The Fund aims to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (5 years).
Investment Policy	<p>To aim to achieve its objective, the Fund will invest in a concentrated portfolio of approximately 30-60 stocks. The Fund will invest predominantly in securities of companies incorporated in Continental Europe and Ireland. The Fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities exchange.</p> <p>The Fund will not concentrate on any particular sector but will invest in a broad range of stocks without regard to market capitalisation. The fund manager will however</p>	<p>The Fund will seek to achieve its objective by investing in a concentrated portfolio of approximately 30-60 stocks. The Fund will invest at least 80% in companies incorporated in countries in Europe. The Fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities exchange.</p> <p>The Fund will not concentrate on any particular sector but will invest in a broad range of companies without regard to market capitalisation.</p>

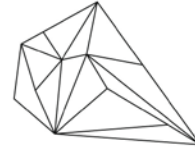


	<p>have regard to liquidity and tracking error.</p> <p>The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments and deposits.</p> <p>The Fund may also make use of derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques and stock lending.</p>	<p>The Fund may also invest in other equities, fixed income, units in collective investment schemes, money market instruments and deposits.</p> <p>The Fund may also make use of certain financial contracts known as derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques and stock lending. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund.</p>
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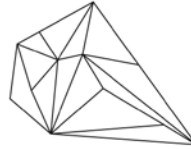
FP Argonaut Absolute Return Fund

(to be renamed VT Argonaut Absolute Return Fund)

	Current	New with effect from 5th February 2021
Investment Objective	<p>To provide positive absolute returns in Sterling share class currency over a 3 year rolling period, utilising a variety of asset classes and regardless of market conditions. The Fund will not be managed against any formal benchmark.</p> <p>Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be met over the 3 year rolling periods or in respect of any other time period</p>	<p>To provide positive returns over a 3 year period, regardless of market conditions.</p> <p>Capital invested in the Fund is at risk and there is no guarantee that the investment objective will be met over a 3 year, or any other period.</p>
Investment Policy	<p>The Investment Manager will seek to identify methodically those</p>	<p>The Fund may, at times, invest in a relatively small number of equities,</p>



<p>investments, generally in European markets including the UK and Eastern Europe, with the most and least attractive characteristics for investment. This assessment will be made with a view to being long on stocks with superior or underestimated earnings trends and being short on stocks with inferior or overestimated earnings trends.</p> <p>Initially the investment process may involve the use of stock screening tools and meetings with company management teams or industry experts. The Investment Manager then applies its stock research process to assess company and industry trends and management ability of specific companies in order to build a valuation model which assesses fair value versus current share price. The Investment Manager uses this bottom-up approach to determine the appropriate investment exposure, if any, of the Fund (direct or through derivatives) to the listed equity securities of companies from those markets (without particular pre-defined portfolio weightings). Investments may also be made to a lesser extent in the corporate debt securities of those companies. The strategy will focus mainly on investing in the 'extremes' of the market i.e. investing in assets considered to be cheap and undervalued and conversely shorting expensive ones.</p> <p>Investment strategies will be achieved through some use of derivative products (which will include contracts for difference (swaps),</p>	<p>the selection of which will not be restricted either by size, industry, or geographical location of the underlying companies, although exposure is expected to be mainly (over 50% of gross exposure) to companies incorporated in Europe.</p> <p>The Fund may take investment exposure to equities, fixed interest instruments, collective investment schemes (which may include those managed/operated by the ACD) cash and near cash (which includes money market instruments and deposits in any currency).</p> <p>Any such exposures could be gained by direct investment or through funds or derivative instruments.</p> <p>In pursuit of its investment policy, all or a substantial proportion of the Fund's assets may consist of cash, near cash, deposits, warrants and/or money market instruments.</p> <p>The Fund may use derivatives and forward transactions (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) for the purposes of meeting the investment objective or efficient portfolio management.</p>
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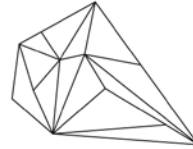
traded options and financial futures) in the pursuit of the investment objective. Direct investment will be made in equities and corporate debt securities for long exposure whereas exchange-traded financial derivative instruments and over-the-counter financial derivative instruments (together 'derivatives'), may be used strategically, for (additional) long and for short exposures. Short positions will be generated synthetically through derivatives, designed to allow the Fund to benefit economically from the fall in the price of the underlying securities to which the derivatives relate.

The Fund will use derivative instruments to generate additional income by systematically writing "out of the money" call options.

The use of call options will constrain capital growth if the call options are exercised against the Fund when they are in the money. Additionally, the call options must be covered.

In pursuit of its investment policy, all or a substantial proportion of the Fund's assets may consist of cash, near cash, deposits, warrants and/or money market instruments; the Fund may also invest in government bonds and other transferable securities collective investment schemes (and use may be made of stock lending, borrowing, hedging techniques permitted by the FCA Rules).

In addition to a cash holding being maintained to contribute to the absolute return, substantial cash



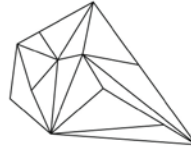
holdings could be required in support of derivatives to achieve the same economic return as holding the securities themselves.

The Fund's over-the-counter financial derivatives may be transacted with a single counterparty and strategies may be generated through a single derivative contract. In all circumstances, however, the Fund will comply with the investment restrictions and limits set out in the Prospectus. Derivatives strategies are designed to have the same economic effect as if the Fund were investing directly in the equities underlying the derivatives.

In addition, the Fund has the ability to invest in transferable securities embedding derivatives such as convertible bonds and to employ techniques involving, foreign exchange forwards, futures, options, stock lending and contracts for difference for the purpose of efficient portfolio management. These strategies may be used for reducing risk, reducing cost or generating additional capital for the Fund.

The Fund aims to generate absolute returns from five principal strategies:

- Long investing where there is a strong conviction that the stock price will rise;
- Short investing where there is a strong conviction that the stock price will fall;



	<ul style="list-style-type: none">• Pair trades – a combination of long and short investments to minimise sector and market risk. This could take the form of arbitrage opportunities such as long corporate debt paired with short equity;• Cash holdings of up to 100% of the portfolio;• Leverage to increase exposure to equity and corporate debt securities whether long or short but only to the extent permitted by the FCA Regulations†.	
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Appendix 2

New Risk Warnings

1. 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 company and the Shareholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Company and its service providers. Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders 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 Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in which a Fund invests and parties with which the Company 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 Company or the Shareholders. 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 Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which a Fund invests or with which it does business.

2. Risks associated with the UK leaving the European Union ("Brexit")

The UK formally left the European Union on 31 January 2020 (informally known as "Brexit"). The formal process of implementing Brexit is continuing.

The political, economic and legal consequences of Brexit are not yet fully known. It is possible investments in the UK may be more difficult to value, to assess for suitability of risk, harder to buy or sell or subject to greater or more frequent rises and falls in value.

The UK's laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the Company or the rights of investors or the territories in which the Shares of the Company may be promoted and sold.



3. Political Risks

The value of the Company'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.