

PROSPECTUS
of
HC CHARTERIS PREMIUM INCOME FUND

Prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "Regulations"), as amended and replaced from time to time, and compliant with the requirements of Chapter 4 of those Regulations.

17 December 2016

HC CHARTERIS PREMIUM INCOME FUND

THIS DOCUMENT IS IMPORTANT

THIS PROSPECTUS IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE MANAGER OR YOUR FINANCIAL ADVISER. THIS PROSPECTUS IS BASED ON INFORMATION, UK LAWS AND PRACTICE AS AT THE “VALID AS AT DATE” WHICH APPEARS ON BELOW. THE FUND AND THE MANAGER CANNOT BE BOUND BY AN OUT OF DATE PROSPECTUS WHEN IT HAS ISSUED A NEW PROSPECTUS. INVESTORS SHOULD CHECK WITH THE MANAGER THAT THIS IS THE LATEST VERSION OF THE PROSPECTUS AND THAT THERE HAVE BEEN NO REVISIONS OR UPDATES BEFORE DECIDING TO PURCHASE UNITS IN THE FUND.

No person has been authorised by the Fund or 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 Fund or 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 Company have not changed since the date hereof.

This Prospectus is intended for distribution in the United Kingdom. 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 by the Fund 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.

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

A copy of the Fund's Trust Deed is available on request from the Manager.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Host Capital Limited.

International Tax Reporting

As of 2014, in order to fulfil our legal obligations in accordance with the requirements of FATCA and other intergovernmental arrangements, the Fund is required to obtain confirmation of the tax residency of unitholders to comply with certain reporting requirements. We may ask for evidence of the tax identification number, and country and date of birth of individual unitholders, or for the Global Intermediary Identification number (GIIN) of corporate unitholders. If certain conditions apply, information about your unitholding may be passed to HM Revenue & Customs (“HMRC”) in order to be passed on to other tax authorities, where the UK has an agreement with that country. Any unitholder that fails to provide the required information may be subject to a compulsory redemption of their unit and/or monetary penalties.

Information for US Persons

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

A “US Person”, for the purposes of the above paragraph, is a person who is in either of the following two categories:

- (a) a person included in the definition of “US Person” under Rule 902 of Regulation S under the 1933 Act, or
- (b) a person excluded from the definition of a “Non-United States Person” as used in the US Commodity Futures Trading Commission (“CFTC”) Rule 4.7.

For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it does not satisfy any of the definitions of “US Person” only if he or it does not satisfy any of the definitions of “US Person” in Rule 902 and qualifies as a “Non-United States Person” under CFTC Rule 4.7.

“US Person” under Rule 902 generally includes the following:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organisation or incorporated under the laws of the United States;
- (c) any estate which any executor or administrator is a US Person;

- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a non-US entity located in the United States;
- (f) any non-discretionary account or similar account (other than a estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
 - i. organised or incorporated under the laws of any non-US jurisdiction; and
 - ii. formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

This Prospectus is dated and valid as at: [DATE] 2016

DEFINITIONS

The following definitions are used in this document:

“Act”	the Financial Services and Markets Act 2000 as amended, restated, re-enacted or replaced from time to time;
“Business Day”	means any day on which the London Stock Exchange is open for normal business;
“COLL Sourcebook”, “COLL”	the Collective Investment Schemes Sourcebook issued by the FCA pursuant to the Act as amended or replaced from time to time;
“FATCA”	the provisions, enacted in the US, commonly known as the Foreign Account Tax Compliance Act (as amended, consolidated or supplemented from time to time) including any regulations issued pursuant to it;
“FCA”	Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS and any predecessor entity or successor entity;
“Investment Manager”	Charteris Treasury Portfolio Managers Limited;
“ISA”	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
“KIID”	means the key investor information document prepared in accordance with the COLL Sourcebook;
“Manager”	Host Capital Limited, the authorised fund manager of the Fund;
“Net Asset Value” or “NAV”	the value of the scheme property of the Fund less the liabilities of the Fund as calculated in accordance with the Trust Deed;
“Register”	the register of unitholders in the Fund;
“Specified US Person”	a unitholder who falls within the definition of “Specified U.S. Person” for the purposes of FATCA;
“the Fund”	HC Charteris Premium Income Fund;
“the Registrar”	WAY Fund Managers Limited trading as Investor Administration Solutions Limited;
“the Regulations”	The Collective Investment Schemes Sourcebook published by the FCA (as may be amended, replaced or restated from time to time) pursuant to the Act;
“Trust Deed”	means the Trust Deed constituting the Fund (as respectively amended by any supplemental deeds);
“Trustee”	Citibank Europe Plc, UK Branch;
“UCITS Directive”	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) (as amended from time to time);
“UCITS Scheme”	means a fund authorised by the FCA which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
“VAT”	UK value added tax.

Subject to the above, unless otherwise expressly provided terms used in this document shall have the same meanings as in the COLL Sourcebook.

THE MANAGER

The Manager of the Fund is, Host Capital Limited, a private company incorporated in England and Wales under the Companies Act 1985 on 7th January 1999 with limited liability.

The head office and registered office of the Manager is at 73 New Bond Street, London, W1S 1RS

The issued share capital of the Manager is £1,341,684 Ordinary Shares of £1 each, fully paid.

The Manager is authorised and regulated by the Financial Conduct Authority. The Manager's principal business activity is an operator of UK collective investment schemes. The Manager also acts as authorised corporate director and unit trust manager to the following collective investment schemes authorised in the United Kingdom:

ICVCs

HC FCM Salamanca Global Property Fund 1
Host Capital Sequel Investment Funds ICVC II
Host Capital Investment Funds ICVC III
HC KB Enterprise Funds
HC KB Endeavour Funds
HC KB Capital Growth Fund
Host Capital UK Student Accommodation Fund

Unit Trusts

Host Capital UK Student Accommodation Umbrella Feeder Trust

The Manager's Remuneration Policy

The Manager has established the remuneration policy in accordance with the requirements of SYSC 19E of the FCA's handbook of rules and guidance (the "**Remuneration Policy**"). The Remuneration Policy is designed to ensure that the Manager's remuneration practices, for those staff caught by the applicable rules:

- are consistent with, and promote, sound and effective risk management;
- do not encourage risk taking and are consistent with the risk profile of the Fund;
- do not impair the Manager's compliance with its duty to act in the best interest of the Fund; and
- include fixed and variable components of remuneration including salaries and discretionary pension benefits.

When applying the Remuneration Policy, the Manager will comply with the applicable rules in a manner that is appropriate taking into account the size, internal organisation and the nature, scope and complexity of the Manager's activities.

The Remuneration Policy must be in line with the business strategy, objectives, values and interests of:

- the Manager;
- the Fund it manages; and
- the investors,

and must include measures to avoid conflicts of interest.

Up-to-date details of a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such committee exists will be available on the Manager's website www.hostcapital.com. A paper copy of the information provided on this website is available free of charge following a request to the Manager.

THE DIRECTORS OF THE MANAGER

The directors of the Managers are:

CT Finch
B Primrose
GL Brooks
S Anderson

S Chaudri

The Fund has no other directors.

The Manager may provide investment services to other clients and funds and to companies in which the Fund may invest in accordance with the Regulations. When managing investments of the Fund, the Manager will not be obliged to make use of information which in doing so would be a breach of duty or confidence to any other person or which comes to the notice of an employee or agent of the Manager but properly does not come to the notice of an individual managing the assets of the Fund.

In accordance with COLL, the Manager has in place a number of policies which set out how it operates and manages the Fund in a number of key areas. The Manager's voting policy (which sets out how and when voting rights attached to the Fund's investments are to be exercised), execution policy (which sets out the procedures to be followed when transactions are carried out on behalf of the Fund) and inducement policy (which sets out the types of payments, including fees, commissions and non-monetary benefits, which may be received or made by a third party in respect of the Fund) are available on request from the Manager and are also available on the following website: www.hostcapital.com

FUNCTIONS DELEGATED BY THE MANAGER TO THIRD-PARTIES

The Manager has delegated the following functions to third-parties:

General Administration - (principally fund valuation and fund accounting) – delegated to Apex Fund Services (UK) Ltd, Veritas House, 125 Finsbury Pavement, London, EC2A 1NQ (authorised and regulated by the Financial Conduct Authority).

Investment Management – the management of the investments held by the Fund from time-to-time has been delegated to the Investment Manager.

Registrar - WAY Fund Managers Limited trading as Investor Administration Solutions Limited has been appointed as registrar of the Fund.

The Manager remains responsible for ensuring that the companies, to whom it delegates such functions, perform those delegated functions in compliance with the COLL.

THE TRUSTEE

Introduction and Key Duties

The trustee of the Fund is Citibank Europe plc, acting through its UK Branch and has been appointed as Trustee of the assets of the Fund and the assets of the Fund have been entrusted to the Trustee for safekeeping.

The key duties of the Trustee consist of:

- cash monitoring and verifying the Fund's cash flows;
- safekeeping of the scheme property of the Fund;
- ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of units are carried out in accordance with the Trust Deed constituting the Fund, this Prospectus, and applicable law, rules and regulations;
- ensuring that in transactions involving the scheme property of the Fund that any consideration is remitted to the Fund within the usual time limits;
- ensuring that the Fund's income is applied in accordance with the Trust Deed constituting the Fund, this Prospectus, applicable law, rules and regulations; and
- carrying out instructions from the Manager unless they conflict with the Trust Deed, this Prospectus, or applicable law, rules and regulations.

Information about the Trustee

The Trustee is a public limited company with registered number 132781 domiciled in Ireland whose registered office is at 1 North Wall Quay, Dublin 1. The Trustee conducts its business in Great Britain from its branch offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The branch was established on 15 September 2015. The Trustee is authorised by the Central Bank of Ireland and the Prudential Regulation Authority but in respect of its services as a depositary in Great Britain is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority.

Liability of the Trustee

As a general rule the Trustee is liable for any losses suffered as a result of the Trustee's, its agent's or sub-custodian's negligence, intentional failure or fraud in fulfilling its obligations except that it will not be liable for any loss where:

- the event which has led to the loss is not the result of any act or omission of the Trustee or a third party to whom the Trustee has

delegated its safekeeping function;

- the Trustee could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent Trustee as reflected in common industry practice; and
- despite rigorous and comprehensive due diligence, the Trustee could not have prevented the loss.

However, in the case of loss of a financial instrument by the Trustee, or by a third party, the Trustee is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay unless it can prove that the loss arose as a result of an external event beyond the Trustee's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Delegation of safekeeping function

The Trustee has the power to delegate its safekeeping functions.

As a general rule, whenever 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 securities settlement systems does not constitute a delegation by the Trustee of its functions.

As at the date of this Prospectus, the Trustee has entered into written agreements delegating the performance of its safekeeping function in respect of certain assets the Fund to the delegates and sub-delegates set out in Appendix 3 hereto.

Conflicts of interest

From time to time conflicts may arise between the Trustee and the delegates or sub-delegates. For example, a conflict may arise where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service that it provides to the Fund. In the event of any potential conflict of interest which may arise during the normal course of business, the Trustee will have regard to applicable laws.

Reuse of scheme property by the Trustee

Under the Depositary Agreement (as defined below) the Trustee has agreed that it, and any person to whom it delegates custody functions, may not reuse any of the assets of the Fund with which it has been entrusted.

Reuse will be permitted in respect of the assets of the Fund where:

- the reuse is carried out for the account of the Fund;
- the Trustee acts on the instructions of the Manager on behalf of the Fund;
- the reuse of scheme property is for the benefit of the Fund and the unitholders;
- the transaction is covered by high quality and liquid collateral received by the Fund under a title transfer arrangement, the market value of which shall, at all times, amount to at least the market value of the re-used assets plus a premium.

Terms of the Depositary Agreement

The appointment of the Trustee has been made under an agreement between the Manager and the Trustee dated [●] 2016, as may be amended, restated or supplemented from time to time (the “**Depositary Agreement**”).

The Depositary Agreement may be terminated by not less than 90 days' written notice provided that no such notice shall take effect until the appointment of a successor to the Trustee.

To the extent permitted by the COLL Sourcebook, the Fund will indemnify the Trustee against costs, charges, losses and liabilities incurred by it in the proper execution, or in the purported proper execution, or exercise (reasonably and in good faith) of the Trustee's duties, powers, authorities and discretions to the Fund, except in the case of any liability for a failure to exercise due skill, care and diligence in the discharge of its functions or any loss for which the Trustee is liable under the UCITS requirements as set out in the COLL Sourcebook or any loss resulting from the negligence, intentional failure or fraud of the Trustee or any of its agents or sub-custodians.

The Trustee is entitled to receive remuneration out of the scheme property for its services, as explained below in the section entitled “Charges and Expenses - Remuneration of the Trustee”.

Unitholders may request an up to date statement regarding any of the information set out above from the Manager.

THE INVESTMENT MANAGER

The Manager has appointed the Investment Manager to provide investment management and advisory services to the Fund. The Investment Manager is authorised and regulated by the FCA. The principal activity of the Investment Manager is the provision of investment management services. The Investment Manager's details are:

Head Office

Charteris Treasury Portfolio Managers Limited
8-9 Lovat Lane
London
EC3R 8DW

Registered Address

Charteris Treasury Portfolio Managers Limited
25 Southernhay East
Exeter
Devon
EX1 1QP

Under the terms of an agreement between the Investment Manager and Host Capital Limited dated [●], the Investment Manager has the authority of the Manager to make decisions on behalf of the Manager in respect of the investments of the Fund. The Investment Manager is also authorised to deal on behalf of the Fund. This agreement may be terminated by either party by giving not less than six months' notice. The Manager may also terminate the agreement forthwith when it is the best interests of the unitholders or, if the Investment Manager goes into liquidation, commits any breach which it does not suitably remedy in a timely manner within the terms of government, ceases to be suitably authorised or the agreement is materially affected by new law or regulation

THE REGISTER

The Register is maintained by WAY Fund Managers Limited trading as Investor Administration Solutions Limited, Cedar House 3 Cedar Park Cobham Road Wimborne Dorset BH21 7SB.

The Register can be inspected by any unitholder during normal business hours on any Business Day at the offices of the Manager. Unitholders are also entitled to contact the Manager at the above address to request a copy of their entry on the Register, free of charge.

THE AUDITOR

The auditor of the Fund is:

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

CONFLICTS OF INTEREST

The Manager and the Investment Manager (and their respective affiliates) may, from time to time, act as managers to other funds or sub-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 or between the Fund and other funds managed by the Manager.

The Manager will, however, have regard in such event to its obligations under the Trust Deed and the COLL Sourcebook and, in particular, to its obligation to act in the best interests of the Fund so far as practicable, having regard to the Manager's obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. The Manager may delegate to other Group companies and/or affiliates. Where a conflict of interest cannot be avoided, the Manager will ensure that the Fund and any other collective investment schemes it manages are fairly treated. The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that risk of damage to the interests of the Fund or its investors will be prevented. Should any such situations arise, the Manager will disclose these to investors in an appropriate format.

The Trustee may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. The Investment Manager may manage other accounts/portfolios with similar investment objectives.

THE DESCRIPTION OF THE FUND

Except as provided below the Manager may exercise in respect of the Fund the restricted investment and borrowing powers detailed below, permitted by the COLL Sourcebook Chapter 5 for a unit trust belonging to the UCITS scheme type, subject to the applicable restrictions in the COLL Sourcebook and to its stated investment objective and policy.

Category of the Fund

The Fund is an authorised fund (authorised unit trust) and is a UCITS Scheme which complies with chapter 5 of the FCA Collective Investment Sourcebook ("COLL"). The Fund is governed by the Act, COLL, the Trust Deed and this Prospectus.

The Fund was authorised by the FCA on 22nd August 2001.

Base Currency of the Fund

The base currency of the Fund is UK Pounds Sterling.

Investment Objective and Policy

The objective of the Fund is to provide a combination of income and capital growth with a particular emphasis on income.

The Fund will aim to achieve its investment objective through investment in a portfolio of transferable securities (including investment trusts), derivatives, collective investment schemes, warrants, cash and near cash deposits and money market instruments.

The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as is required from time to time. The assets of the Fund will be managed in such a way that the units in the Fund will be qualifying investments for Individual Savings Accounts. There will, however, be no restrictions on the underlying content of the investments held, in terms of investment type, geographical or economic sector, other than those imposed by the Regulations. This means that the Investment Manager has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time provided such investment is compatible with the investment objective and policy of the Fund as a whole.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management of the Fund, and borrowing will be permitted on a temporary basis under the terms of the Regulations. In particular, derivatives transactions, including options, may be written in respect of the underlying investments of the Fund on a fully covered basis.

On giving 60 days' notice to Shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. The use of derivatives in this way may change the risk profile of the Fund.

Investments and Borrowing Powers

Subject to the investments objective and policy of the Fund, and the restrictions set out in this Prospectus, the Fund will be invested in accordance with chapter 5 of COLL. The range of investments that may generally be held within the Fund are as follows:

Transferable securities

Up to 100% of the scheme property attributable to the Fund may consist of transferable securities. For the purposes of COLL a transferable security is an investment which is either a share, debenture, a government and public security, a warrant or a certificate representing certain securities.

The Fund may invest in transferable securities which fulfil the following criteria:

- the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder;
- reliable valuation is available for the transferable securities as follows:
 - 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;
 - 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;
- appropriate information is available for the transferable security as follows:
 - 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;
 - 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;
- it is negotiable; and
- its risks are adequately captured by the risk management process of the Manager.

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

Closed end funds constituting transferable securities

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 above, and either:

- where the closed end fund is constituted as an investment company or a unit trust:
 - it is subject to corporate governance mechanisms applied to companies; and
 - where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
- where the closed end fund is constituted under the law of contract:
 - it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - it is managed by a person who is subject to national regulation for the purpose of investor protection.

Approved Money Market Instruments

Up to 100% of the scheme property attributable to the Fund may consist of money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, being an 'approved money market instrument' in accordance with the rules in COLL.

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.

The Fund may invest in an approved money market instrument if it is:

- (a) issued or guaranteed by a central, regional or local authority or central bank of an EEA state or if the EEA State is a federal state, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA states belongs; or
- (b) an establishment subject to prudential supervision in accordance with criteria defined by Community Law or an establishment which is subject to and complies with prudential rules governed by the FCA to be at least as stringent as those laid down by Community Law; or
- (c) issued by a body, any securities of which are dealt in on an eligible market.

Money-market instruments with regulated issuer

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 requirements in COLL governing regulated issuers of money-market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with COLL.

The Fund may also with the express consent of the FCA invest in an approved money-market instrument provided:

- (a) the issue or issuer is itself regulated for the purpose of protecting investors and savings in accordance with COLL;
- (b) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements of COLL 5.2.10BR(1)(a),(b) or (c); and
- (c) the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles (as defined in COLL) which benefit from a banking liquidity line (as defined in COLL).

Transferable securities and approved money market instruments held within the Fund must be:

- (a) admitted to or dealt in on an eligible market which is a regulated market; or
- (b) dealt in on an eligible market which is a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (c) admitted to or dealt in on an market which the Manager, after consultation with and notification to the Trustee decides that market is appropriate for the investment of, or dealing in, the scheme property, is listed in the Prospectus, and the Manager has taken reasonable care to determine that adequate custody

arrangements can be provided for and all reasonable steps have been taken by the Manager in deciding whether that market is eligible; or

- (d) recently issued transferable securities provided that the terms of the issue include an undertaking that application will be made to be admitted to an eligible market, and such admission is secured within a year of issue.

The Fund may invest no more than 10% of the scheme property in transferable securities and money market instruments other than those referred to in (a) to (d) above.

Transferable securities linked to other assets

The Fund may invest in any other investment which shall be taken to be a transferable security provided the investment:

- (a) fulfils the criteria for transferable securities set out in COLL 5.2.7AR; and
- (b) is backed by or linked to the performance of other assets, which may differ from those in which UCITS Schemes can invest.

Where such investments contain an embedded derivative component, the COLL rules applicable to investment in derivatives and forwards (summarised below) will apply.

Warrants

Not more than 5% in value of the scheme property attributable to the Fund may consist of warrants. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund at any time when the payment is required without contravening COLL.

Government and public securities

Up to 100% of the scheme property attributable to the Fund may consist of government and public securities provided no more than 35% in value of the scheme property attributable to the Fund 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. Subject to COLL 5.2.12R(3), no more than 35% in the value of the scheme property may consist of any combination of government and public securities issued by any one body and other investments issued by or made with the same single body.

Covered bonds

In general a covered bond is a bond that is issued by a credit institution which has its registered office in an EEA State and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised.

Collective Investment Schemes

The COLL rules state that not more than 20% in value of the property of the Fund may consist of units or shares in any one collective investment scheme.

The Fund must not invest in units or shares of a collective investment scheme (the “**second scheme**”) unless the second scheme satisfies the conditions referred to below and provided that no more than 30% of the value of the scheme property attributed to the Fund is invested in second schemes within categories (b) to (e) below.

- (i) The second scheme must fall within one of the following categories:
 - (a) A scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - (b) A scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories); or
 - (c) A scheme which is authorised as a non-UCITS retail scheme (as defined in COLL) and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met; or
 - (d) A scheme which is authorised in another EEA State (and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met).
 - (e) 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;

(ii) The second scheme must comply, where relevant, with those COLL provisions regarding investment in other group schemes and associated schemes (referred to below).

(iii) The second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

However investment in other collective investment schemes is limited to not more than 5% in value of the property of the Fund.

Where the Fund invests in other collective investment schemes, the maximum annual management fee that may be charged to that collective investment scheme is 3% (excluding performance fees) of the net asset value of such a scheme.

The Fund may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the Manager or an associate of the Manager. However, if the Fund invests in units in another collective investment scheme managed or operated by the Manager or by an associate of the Manager, the Manager must pay into the property of the Fund before the close of the business on the fourth Business Day after the agreement to invest or dispose of units:

- (a) on investment – if the Manager pays more for the units issued to it than the then prevailing price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and
- (b) on a disposal – any amount charged by the issuer on the redemption of such units.

Cash and near cash

In accordance with COLL, the scheme property attributable to the Fund may consist of cash or near cash to enable:

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

Cash forming part of the property of the Fund may be placed in any current or deposit account with the Trustee, the Manager or any investment manager or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Derivatives

As at the date of this Prospectus the Fund only uses derivatives for the purpose of efficient portfolio management and hedging as set out below under the heading “Derivatives – Efficient Portfolio Management”. On giving no less than 60 days' prior written notice to all Shareholders in the Fund, the Manager will no longer operate the Fund under efficient portfolio management, as set out under the heading “Derivatives – Efficient Portfolio Management” below, but instead, certain types of derivatives and forward transactions as set out under the heading “Derivatives – Investment Purposes”, may be effected for the Fund.

If the Manager elects to use derivatives in this way it is not intended that this will change or alter the overall risk profile of the Fund.

Derivatives – Efficient Portfolio Management

The Fund may invest in derivatives for the purposes of efficient portfolio management (including hedging). Such derivatives will be covered and usually exchange traded. Where such derivatives are used for hedging or in accordance with efficient portfolio management techniques, this will not change or alter the risk profile of the Fund.

Efficient portfolio management enables the Fund to invest in derivatives and forward transactions (including futures and options) in accordance with COLL using techniques which relate to transferable securities and approved money market instruments (as defined in COLL) 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 Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules in COLL (as summarised in below).

In relation to the generation of additional capital or income, there is an acceptably low level of risk in any case where the Manager reasonably believes that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit:

- (a) by taking advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and

acquisition) of rights in relation to the same or equivalent property, being property which the Fund holds or may properly hold;

- (b) by receiving a premium for the writing of a covered call option, even if that benefit is obtained at the expense of surrendering the chance of yet greater benefit.

To be economically appropriate to the Fund, the Manager must reasonably believe that:

- (a) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
- (b) for transactions undertaken to generate additional capital or income, the Funds are certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction.

A transaction may not be entered into if its purpose could reasonably be regarded as speculative.

Derivatives – general

A transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified below 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 as set out in the paragraph headed “Spread – General” below, except for index-based derivatives where the following rules apply.

Where the Fund invests in an index-based derivative, provided the relevant index falls within COLL 5.2.33, the underlying constituents of the index do not have to be taken into account for the purposes of monitoring the spread requirements. The relaxation is subject to the Manager continuing to ensure that the property provides a prudent spread of risk.

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.

Permitted Transactions (derivatives and forward transactions)

Derivatives transactions must either be in an approved derivative (being a derivative which is dealt in on an eligible derivatives market as set out below) or an over the counter derivative with an approved counterparty, in accordance with COLL.

A transaction in a derivative must not cause the Fund to diverge from its investment objective as stated in the Trust Deed and the most recently published version of this prospectus.

Any over the counter transactions in derivatives must also be on approved terms, i.e. the counterparty has agreed with the Manager:

- (a) to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any time at the request of the Manager; and
- (b) that it will, at the request of the Manager, enter into a further transaction to close out that transaction at any time, at a fair value, arrived at under the pricing model or other reliable basis agreed.

The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

- transferable securities permitted under COLL 5.2.8R(3)(a) to (c) and (e);
- money market instruments permitted under COLL 5.2.8R(3)(a) to (d);
- deposits as permitted under COLL 5.2.26R;
- derivatives as permitted under COLL;
- collective investment schemes as permitted under COLL 5.2.13R;
- financial indices which satisfy the criteria set out in COLL 5.2.20AR;
- interest rates;
- foreign exchange rates; and
- currencies.

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 provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22(3)R are (Requirement to cover sales) are satisfied.

Any forward transaction must be made with an eligible institution or an approved bank in accordance with COLL.

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 daily mark-to-market valuation of the derivative positions and an at least daily margining.

Embedded derivatives

Where the Fund invests in a transferable security or an approved money-market instrument which embeds a derivative, this must be taken into account for the purposes of complying with COLL.

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

- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component is a separate instrument.

The following types of investments are generally regarded as being transferable securities and approved money market instruments which embed a derivative:

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

Transferable securities and approved money-market instruments which embed a derivative are subject to the rules applicable to derivatives in COLL as summarised in this section.

A derivative includes instruments which fulfil the following criteria:

- (a) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- (b) it does not result in the delivery or the transfer, including in the form of cash, of assets other than those referred to in COLL 5.2.6AR;
- (c) in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23R;
- (d) its risks are adequately captured by the Manager's risk management process, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

The Fund may not undertake transactions in derivatives on commodities.

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:

- (a) that property can be held for the account of the Fund; and
- (b) 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 COLL.

Requirement to cover sales

No agreement by or 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 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, nor does it apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument which is highly liquid; or
- (b) the Manager or the Trustee has the right to settle the derivative in cash, and cover exits within the scheme property which falls within one of the following asset classes:
 - cash;
 - liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
 - 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).

In the asset classes referred to above, 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.

Over-the-counter (“OTC”) transactions in derivatives

Any transaction in an OTC derivative must be:

- (a) 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 (as published in the FCA register), or whose home state authorisation, permits it to enter into such transactions as principal off-exchange.
- (b) on approved terms. The terms of a transaction in derivatives are approved only if the Manager:
 - (i) to provide at least daily and at any other time at the request of the Manager or the Fund, 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 arms' length transaction) and which does not rely only on market quotations by the counterparty; and
 - (ii) that it or an alternative counterparty will, at the request of the Manager or the Fund, enter into a further transaction to sell, liquidate or close out that transaction at any time, at a fair value at under the pricing model or reliable market value basis agreed under paragraph (c) below;
- (c) 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:
 - (i) on the basis of 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 which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (d) 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 scheme property and which is adequately equipped for such a purpose.

The Trustee must take reasonable care to ensure that the Manager has systems and controls that are adequate to ensure compliance with (a) to (d) above.

Collateral required under OTC derivative transactions:

The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Fund. The exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

- (a) it is marked to market on a daily basis and exceed the value of the amount of risk;
- (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- (d) it can be fully enforceable by the Funds 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 of the Banking Consolidation Directive; and are based on legally binding agreements.

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 daily mark-to-market valuation of the derivative positions and an at least daily margining.

Risk Management

The Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure frequently as appropriate the risk of the Fund's positions and their contribution to the overall risk profile. Currently derivatives may be used by the Fund for the purposes of efficient portfolio management (including hedging). **It is not anticipated that the use of derivatives in this way by the Fund will alter or change the risk profile of the Fund.**

Before using the risk management process, the Manager has notified the FCA of the details including the methods for estimating risks in derivative and forward transactions and the types of derivatives and forward that will be used within the Fund together with their underlying risks and any relevant quantitative limits.

Any material alteration of the above details of the risk management procedures will be notified by the Manager in advance to the FCA.

Derivative exposure

The Fund may invest in derivatives and forward transactions only where the exposure to which the Fund is committed by that transaction itself is suitably covered from within the Funds' 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 Funds' 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. The detailed requirements in accordance with COLL 5.3.3 for cover of the Fund is set out below.

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

Cover for transaction in derivatives and forward transactions

A transaction in derivatives or 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 Fund is or may be committed by another person, is covered globally.

Exposure is covered globally if adequate cover from within the scheme property is available to meet the Fund'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.

Cash not yet received into the Fund's property but due to be received within one month is available as cover for these purposes.

Property which is the subject of a stock lending transaction is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

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

Deposits

Up to 100% of the scheme property attributable to the Fund may consist of deposits (as defined in COLL) but only if it:

- is with an approved bank;
- is repayable on demand or has the right to be withdrawn; and
- matures in no more than 12 months.

Not more than 20% in value of the scheme property may consist of deposits with a single body.

Immovable and movable property

It is not intended that the Fund should have any interest in any immovable property or tangible movable property.

Spread – general

In applying any of the restrictions referred to above, not more than 20% in the value of the scheme property is to consist of any combination of two or more of the following:

- transferable securities (including covered bonds) or money market instruments issued by; or
- deposits made with; or
- exposures from over the counter derivatives transactions made with a single body.

In applying any limit to transferable securities or money market instruments, any certificates representing certain securities are to be treated as equivalent to the underlying security.

Not more than 5% in value of the scheme property attributable to the Fund may consist of transferable securities or approved money market instruments issued by any single body. This limit may be raised to 10% in respect of up to 40% in value of the scheme property.

Covered bonds need not be taken into account for the purpose of applying the limit of 40%. The limit of 5% is raised to 25% in value of the scheme property in respect of covered bonds, provided that when the 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 scheme property.

Not more than 20% in value of the scheme property attributable to the Fund is to consist of transferable securities and approved money market instruments issued by the same group.

The exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% in value of the scheme property. This limit may be raised to 10% where the counterparty is an approved bank as defined in COLL. Exposure in respect of an over the counter derivative may be reduced to the extent that collateral is held in respect of it if the collateral complies with COLL, as summarised above.

Borrowing

Subject to the Fund's Trust Deed and COLL (as it relates to UCITS Schemes), the Fund may borrow money for the purposes of achieving the objectives of the Fund on terms that such borrowings are to be repaid out of the scheme property of the Fund. The Manager does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL) and must be on a temporary basis only and must not be persistent.

No period of borrowing may exceed three months without the prior consent of the Trustee (which may give such consent only on conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis). The borrowing of the Fund must not, on any Business Day, exceed 10% of the value of the property of the Fund. As well as applying to borrowing in a conventional manner, the 10% limit applies to any other arrangement designed to achieve a temporary injection of money into the property of the Fund in the expectation that such will be repaid. For example, by way of a combination of derivatives which produces an effect similar to borrowing.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Trustee, the Manager or any investment manager or any associate of any of them provided that such lender is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Stock lending

The Fund or the Trustee may enter into a repo contract, or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:-

- (a) all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Fund are in a form which is acceptable to the Trustee and are in accordance with good market practice;
- (b) the counterparty is an authorised person, a person authorised by a home state regulator or otherwise acceptable in accordance with COLL; and
- (c) collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above, and is acceptable to the Trustee and must also be adequate and sufficiently immediate as set out in COLL. These requirements do not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

Underwriting

The Fund may enter into underwriting and sub-underwriting arrangements in accordance with COLL, provided that such agreements are covered in accordance with COLL 5.3.3 (as summarised above under '***Cover for transaction in derivatives and forward transactions***'), and such that if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL.

Lending and other provisions

The scheme property of the Fund other than money must not be lent by way of deposit or otherwise and must not be mortgaged. Stock lending transactions permitted under COLL 5.4 however are not to be regarded as lending for the above purposes. The Fund or the Trustee may however lend, deposit, pledge or charge scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with COLL and this Appendix.

Eligible Markets

The majority of the property of the Fund must be invested in eligible securities markets. These are securities markets which are regulated, operate regularly, are recognised and are open to the public. The list of eligible markets, agreed between the Manager and the Trustee, is shown below:

Securities markets - Any market established in an EEA state on which transferable securities admitted to official listing in the EEA state are dealt in or traded

Derivatives markets – NYSE Euronext

Significant Influence

- 1) A Manager must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
 - a) immediately before the acquisition, the aggregate of any such securities held by the Fund, taken together with any such securities already held for other Funds of which it is also the Manager, gives the Manager power to influence significantly the conduct of business of that body corporate; or
 - b) the acquisition gives the Manager that power.
- 2) For the purpose of (1) above, the Manager 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 for all of the trusts that it is a Manager,, 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).

Winding up of a Fund

- (a) The Fund may be wound up upon the occurrence of any of the events relevant to the Fund as set out in COLL which include without limitation:
 - (i) the FCA authorisation order is revoked; or
 - (ii) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order, the FCA has agreed, albeit subject to their being no material change in any relevant factor, that, on the conclusion of the winding up of a fund, the FCA will accede to that request; or
 - (iii) the expiration of any period specified in the Trust Deed as the period at the end of which the Fund is to terminate; or
 - (iv) the effective date of a duly approved scheme of arrangement, which is to result in the Fund being left with no property; or
 - (v) the passing of an extraordinary resolution winding up the Fund (provided the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee).
- (b) Upon the happening of any of (a)(i) - (v) above:
 - (i) the pricing and dealing requirements shall cease to apply to the Fund, and
 - (ii) the requirements relating to investment and borrowing powers shall cease to apply to the Fund, and
 - (iii) the Trustee shall cease to create and cancel units in the Fund, and
 - (iv) the Manager shall cease to issue and redeem units in the Fund, and
 - (v) the Manager shall cease to buy and sell units as agent for the Trustee, and
 - (vi) the Trustee shall proceed with the winding up of the Fund.
- (c)
 - (i) upon the happening of any of (a) (i) - (iii) above the Trustee shall, as soon as practicable after the Fund falls to be wound up, realise the property of the Fund and, after paying thereout all liabilities properly so payable and retaining provision for the costs of the winding up, distribute the proceeds of that realisation to the holders and the Manager (upon production by them of evidence as to their entitlement thereto) proportionately to their respective interests in the Fund as at the date of the relevant event referred to in (a) (i) - (iii) above.
 - (ii) upon the happening of (a) (iv) above the Trustee shall wind up the Fund in accordance with the approved scheme of arrangement.
 - (iii) any unclaimed net proceeds or other cash held by the Trustee after the expiration of twelve months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain thereout any expenses incurred by him in making and relating to that payment.
 - (iv) on completion of the winding up in respect of the events referred to in (a) (ii) - (v) above, the Trustee shall notify the Financial Conduct Authority in writing of that fact and at the same time the Manager or Trustee shall request the Financial Conduct Authority to revoke the order of authorisation under section 256 of the Act.

THE CHARACTERISTICS OF UNITS IN THE FUNDS

1 Entitlement of Unitholders to Participate in the Property of the Fund

The provisions of the Trust Deed permit the Manager to issue the following classes of unit in respect of the Fund:

net accumulation units;

gross accumulation units;

net income units;

gross income units;

limited issue accumulation units; and

limited issue income units;

and for the avoidance of doubt each of the above may be further classified as Class A, Class B, Class C or Class D etc up to and including Class Z units, or Retail units or Institutional units. In addition, each of the above may be denominated in currencies other than the base currency including GBP (£), Euro (€) and USD (\$) to form further classes of unit and may bear different charges of whatever nature (initial, annual, exit or otherwise) as the Manager shall (in accordance with the Trust Deed) from time to time decide. In respect of net accumulation units and net income units, subject to all applicable laws, all income will be paid net of UK taxes.

As at the date of this Prospectus only Net Retail Income, Net Retail Accumulation units, Net Institutional Income and Net Institutional Accumulation units are in issue by the Fund. Income Units are units on which net income is distributed to unitholders. Accumulation units are units on which income is reinvested on behalf of the unitholder.

The Trustee holds the property of the Fund on trust for the unitholders according to the number of undivided shares in the property of the Fund represented by the units held by each holder. The Trustee is obliged to distribute the income of the Fund available for distribution among unitholders pro-rata according to the number of units held by them on the relevant record date for distribution. The net income arising from accumulation units is invested in the capital account of the Funds to increase the amount available for investment. No additional units are allocated to unitholders but the price of accumulation units includes all reinvested income.

2 Evidence of Title

Evidence of title is an appropriate entry on the Register, held at the office of the Manager. Certificates will not be issued in respect of units purchased in the Fund.

3 Nature of the right represented by units.

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

Unitholders are not liable for the debts, of the Fund.

4 Meetings and Modifications

The convening and conduct of meetings of unitholders and the voting rights of unitholders at such meetings is governed by COLL. The requirement for a meeting depends on the proposed change to the Fund.

Changes to a Fund may fall within one of the following three categories:

1. **Fundamental** events which change the purpose or nature of the Fund or the basis on which the investor invested, for example changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval.
2. **Significant** events are those which would materially affect an investor's investment, affect a unitholder's ability to exercise his rights in relation to this investment, result in material increased payments out of the Fund, or could reasonably be expected to cause investors to reconsider their participation in the Fund. Those should be notified pre-event to investors and in sufficient time to enable them to leave the Fund, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.
3. **Notifiable** events for which the Manager would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event. This may take the form of the sending of an immediate notification to unitholders or the information being included in the next long report of the Fund.

Voting Rights at Unitholders Meeting

- (a) A meeting of unitholders duly convened and held in accordance with the COLL Sourcebook shall be competent and by extraordinary resolution may approve any modification, alteration or addition to the provisions of either the Trust Deed or this Prospectus which, the Manager and the Trustee have agreed to be a fundamental change in accordance with COLL (see above). At a meeting of Unitholders the quorum for the transaction of business is two unitholders present in person or by proxy.
- (b) At any meeting of holders an extraordinary resolution put to the vote of the meeting shall 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, by the Trustee or by at least two unitholders.
- (c) Unless a poll is so demanded a declaration by the chairman that a resolution has been carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
- (d) If a poll is duly demanded it shall be taken in such a manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (e) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken at such time and place as the chairman directs.
- (f) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (g) On a show of hands every holder who (being an individual) is present in person, or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote.
- (h) On a poll every holder who is present in person or by proxy the voting rights for each unitholder must be the proportion of the voting rights attached to the units in issue that the price bears to the aggregate price or prices of the units in issue; and a holder 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.
- (i) A corporation being a holder may authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.
- (j) In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of holders.
- (k) On a poll votes may be given either personally or by proxy.
- (l) The Manager and its associates may hold units in the Fund. They are entitled to receive notice of and attend any meeting, but the Manager is not entitled to vote or to be counted in the quorum and its units are not regarded as being in issue in relation to such meetings but these limitations do not apply if the Manager holds units on behalf of or jointly with a person who, if himself the registered unitholder, would be entitled to vote, and from whom the Manager has received voting instructions. The Manager's associates may be counted in the quorum and may vote in respect of Units held in the same circumstances in which the Manager may vote.
- (m) The record date for a meeting is the date seven days before notice is sent or delivered (whichever is earlier) and "unitholders" for the purposes of quorum and voting means the persons entered on the register at that date, but persons known not to be unitholders at any relevant date are excluded. An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve.

VALUATION OF PROPERTY

1 Frequency and Time of Valuation

The property of the Fund will be valued at a 12pm (midday) valuation point on each business day. The Manager may, if he considers it desirable, value the Fund more frequently. Valuations will not be made during a period of suspension of dealings. The Manager is required to notify unit prices to the Trustee on completion of a valuation.

2 Valuation of Property

The property of the Fund is valued in accordance with COLL and the Trust Deed as set out in Appendix 2.

3 Prices of Shares

The Fund deals on a forward price basis, that is at the price for each class of unit in the Fund at the next valuation point following receipt of a request to issue or redeem units.

The Fund operates on the basis of “single pricing” (i.e. subject to the dilution levy and the initial charge, the issue and redemption price of a unit at a particular valuation point will be the same). The price of a unit is calculated (to at least four significant figures) by:

- taking the valuation of the Fund attributable to the relevant unit class at the next valuation of the Fund; and
- dividing the result by the number of units of the relevant class in the Fund in issue immediately before the valuation concerned, after having converted the attributable value into the currency of the relevant unit class, as appropriate.

4 **Dilution Policy**

What is 'dilution'? – Where the Fund buys or sells underlying investments in response to a request for the issue or redemption of units, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the unitholder and which is referred to as “dilution”.

To mitigate the effects of dilution the Manager has discretion to charge a dilution levy on the purchase or redemption of units in the Fund. A dilution levy is a separate charge of such amount or rate as determined by the Manager.

The Manager's policy regarding the Dilution Levy – At its absolute discretion, the Manager may charge a dilution levy on the price of units in the following circumstances:

- Where the Fund experiences a large level of net redemptions on any dealing day, relative to its size (i.e. net redemptions equivalent to or greater than 2% of the Net Asset Value of the Fund);
- Where the Fund is in continuing decline, in terms of Net Asset Value, as a result of poor market conditions or continual net redemptions;
- On large deals, which for this purpose is defined as a single purchase or redemption of units equivalent to more than 2% of the Net Asset Value of the Fund.

The amount is not retained by the Manager but is paid into the Fund.

How will it affect investors? – On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the Fund. As dilution is directly related to the inflows and outflows of monies from the scheme it is not possible to accurately predict whether dilution will occur at any point in time. Consequently it is also not possible to accurately predict how frequently the Manager will need to make such a dilution levy. However, the Manager believes that the likely effect of not charging a dilution levy, excluding such cases referred to in “**The Manager's policy regarding the Dilution Levy**” above, will be negligible.

The Manager does not currently envisage that a Dilution Levy will be applied to any dealing in the Fund, as it is unlikely that any single holder will have control of greater than 2% of the Fund. However, where it is applied, the Manager believes that the amount will not normally exceed 2% of the net asset value of units being bought or sold.

CHARGES AND EXPENSES

1 Preliminary Charge

In relation to the Fund the Manager may make a preliminary charge on the issue or sale of units which is calculated as a percentage of the price of a unit (before application of any dilution levy) and is added to the price of that unit. The current preliminary charge is 5%, (plus VAT, if any).

2 Periodic Charge

The Manager's periodic charge shall be accrued on a daily basis and will be calculated and paid monthly on the basis of the value of the property of the Fund on the last valuation point to have occurred before the beginning of the payment period concerned.

The Manager's periodic charge is currently charged at a rate of 1.5% per annum in respect of retail classes and 1% in respect of institutional classes (plus VAT, if any).

3 Charges to capital

All or part of the Manager's periodic charge will be treated as a capital charge, which may result in erosion of capital or constrain capital growth. In accordance with COLL, all or part of the charges and expenses of the Fund may be treated as a capital charge if agreed by the Manager and the Trustee.

The Manager's standard policy is to charge all expenses, except those that are capital in nature, to the income account of the Fund. However, where the Fund has an objective of producing income, or a combination of income and capital growth, some or all of the Managers periodic charges may be charged against the capital account of the Fund. The current policy for the Fund is as follows:

Charged to	
Income Account	Capital Account
0%	100%

4 Remuneration of the Trustee

The Trustee receives a periodic fee for providing depositary services to the Fund. The fee is based upon the value of the property of the Fund accruing daily between each valuation point and payable monthly out of the property attributable to the Fund. The periodic fees are subject to review on an annual basis. The current fee for the Fund is 0.04% per annum on the value of the Fund subject to a minimum annual charge of £16,000.

Custody and transaction fees incurred by the Fund are also payable to the Trustee out of the property attributable to the Fund. The Custodian is Citibank N.A. Transaction charges for the Fund currently range between £[7] and £[114] per transaction, according to market location. Transaction charges accrue at the time transactions are effected and are payable as soon as is reasonably practicable, as agreed between the Trustee and the Manager.

In addition to the fees and charges payable, the Trustee is entitled to be reimbursed for expenses incurred in the proper performance of its duties (or the exercise of powers conferred upon it by the Regulations or COLL) referable to (but not limited to): (i) custody of assets (including overseas custody services); (ii) the acquisition holding and disposal of property; (iii) the collection of dividends, interest and any other income; (iv) the maintenance of distribution accounts; (v) the conversion of foreign currency; (vi) registration of assets in the name of the Trustee or its nominees or agents; (vii) borrowings, stock lending or other permitted transactions; (viii) communications with any parties (including, facsimile and SWIFT); (ix) taxation matters; (x) insurance matters; and (xi) dealings in derivatives.

The Trustee will also be reimbursed by the Company out of the property attributable to the Fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law.

The amount or rate of any of the Trustee's fees and charges referred to above shall (unless otherwise stated) be determined by reference to the scale or tariff or other basis from time to time agreed between the Manager and the Trustee and notified to the Manager by the Trustee, else as set by third parties and agreed reasonable between the Manager and Depositary.

The Trustee shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Trustee and the Company or the Manager.

On a winding-up of the Company, the termination of the Fund or the redemption of a Class of shares, the Trustee will be entitled to its pro rata fees, charges and expenses to the date of the commencement of the winding-up, the termination or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Trustee.

Any VAT on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses as required.

Expenses not directly attributable to a particular Class of shares will be allocated between Classes, fairly, as agreed between the Trustee and the Manager. Such expenses and disbursements will be payable whether incurred by the Trustee, the Manager or an associate or nominee of the Trustee or of the Manager who has had the relevant duty delegated to it pursuant to COLL by the Trustee.

5 Expenses

Costs relating to EPM

Certain direct and indirect operational costs and/or fees may arise from time to time as a result of efficient portfolio management techniques being used for the benefit of the Fund. These costs and/or fees are regarded as transaction costs and, therefore, would fall within (a) above. Further details on the payment of costs and/or fees relating to efficient portfolio management techniques will be set out in the Annual Report.

The Trustee is entitled to be reimbursed out of the property of the Fund for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by COLL, together with any VAT payable. The relevant duties may include, without limitation:

- a. delivery of stock to the Trustee or custodian;
- b. custody of assets;
- c. maintenance of register;
- d. collection of income;

- e. submission of tax returns;
- f. handling of tax claims;
- g. preparation of Trustee's annual report;
- h. such other duties as the Trustee is required by law to perform.

In addition, the Trustee may be paid the following expenses or disbursements (plus VAT):

- i. all fees charged by and any expenses and disbursements agreed for payment to any registrar appointed COLL (or any expenses and disbursements agreed by the Trustee acting as registrar) for maintaining the Register and establishing and maintaining any plan register; At present the Trustee does not itself maintain the Register and plan registers and no such remuneration will be paid to the Trustee whilst this continues.; and
- ii. all expenses of registration of assets in the name of the Trustee or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice, of conducting legal proceedings, of communicating with unitholders, the Manager or other persons in respect of the Fund, relating to any inquiry by the Trustee into the conduct of the Manager and any report to holders; or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- iii. all charges of nominees or agents in connection with any of the matters referred to in ii. above; and
- iv. any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by Trustees. If any person, at the request of the Trustee in accordance with COLL, provides services including but not limited to those of a custodian of property of the Fund, the expenses and disbursements hereby authorised to be paid to the Trustee out of the property of the Fund shall extend to the remuneration of such persons as approved by the Trustee and the Manager.

Other Payments of the Fund

In addition, all expenses permitted by COLL and by the Trust Deed to be paid out of the property of the Fund may be so paid. At present these comprise in relation to the Fund:

- a. broker's commission, fiscal charges and other disbursements which are:
 - i. necessary to be incurred in effecting transactions for the Fund, and
 - ii. normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- b. interest on borrowings permitted under the Trust Deed and all charges incurred in negotiating, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements;
- c. taxation and duties payable in respect of the property of the Fund, the Trust Deed or the issue of units;
- d. any costs in modifying the Trust Deed constituting the Fund, including costs incurred in respect of meetings of unitholders convened for the purpose, where the modification is:
 - i. necessary to implement any change in the law (including changes to COLL); or
 - ii. necessary as a direct consequence of any change in the law (including changes to the COLL); or
 - iii. expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interest of unitholders; or
 - iv. to remove obsolete provisions from the Trust Deed constituting the Fund;
- e. any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders not including the Manager or an associate of the Manager; and
- f. the expenses of the Trustee in convening a meeting of unitholders convened by the Trustee alone; and
- g. the audit fees of the Auditor and VAT thereon and any expenses of the Auditor;

- h. the fees of the authority under Schedule 1, Part III of the Act or the corresponding periodic fees of any regulatory authority in any country or territory outside the United Kingdom in which units in the Funds are or may be marketed.

All of the charges and expenses will be treated as a capital expense in accordance with COLL, which may have the effect of eroding capital or constraining capital growth, as the Fund treats the generation of income as a higher priority than capital growth.

6 Registrar's Fee

The Registrar is entitled to a fee that will be paid from the property of the Fund at a rate agreed from time to time and in accordance with COLL.

The Registrar's fees are a fixed fee of £25,000 per annum payable on a monthly basis. This will cover all funds for which the Manager has appointed the Registrar and allocated by the net asset value of the funds.

A variable dealing registration fee of 0.03% per annum, subject to a minimum fee of £1,500 per annum and capped at £15,000 per annum shall be payable by the Fund.

7 Audit Fee

The fee is accrued daily at each valuation point and becomes payable to the Auditor following the completion of the Fund audit. Any change to this will be published in this Prospectus.

8 Charges on redemption

The Trust Deed for the Fund permits the Manager to make a charge by way of deduction from the proceeds of a redemption. For the time being however, the Manager does not intend to exercise this right. Only those units purchased after the Manager has given notice of their intention to levy this charge will be affected.

9 Exemption from liability to account for profits

The Manager, Trustee, Custodian or any "affected" person is under no obligation to account to the Trustee or to the unitholders of the Fund or any of them for any profit that they make on the issue of units, or on the re-issue or cancellation of units which he has redeemed or any transaction in Fund property or on the supply of services to the Fund.

DISTRIBUTION

1 Accounting and Distribution dates

The annual and interim accounting dates are 30th June and 31st December. The annual and interim income allocation dates are 31st August and the last day of February.

2 Grouping for Equalisation

Grouping for equalisation purposes is permitted in the Trust Deed.

Equalisation is the aggregate amount of income included in the purchase price of all units purchased during a distribution period in order to achieve the same rate of distribution on all units and is refunded to holders of these units as a return of capital. Since it is part of the capital cost of the units, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

At the time of a distribution units are divided into two Groups. Group 1 units are those purchased before the distribution period and Group 2 units are those purchased during the distribution period.

The capital sum representing income equalisation is arrived at by taking the aggregate of the amounts of income included in the price of units of the type in question issued or re-issued in the grouping period in question and dividing that aggregate by the number of those units and applying the resultant average to each of the units in question.

The Trust Deed for the Fund permits equalisation payments to unitholders to be averaged over grouping periods which are currently the same as the half-yearly or annual accounting periods.

3 How the distributable income is determined and paid

The income distributed from the Fund is determined by reference to the dividends and interest received from the underlying investments, less the expenses levied to the income account and any taxation suffered by the Fund (full details are shown in the Manager's Reports). This amount is divided by the number of undivided units held in the Fund to arrive at a distribution amount for each undivided unit. This amount will be paid to unitholders on the relevant allocation dates shown above.

Income in respect of income units, where available, will be paid to unitholders by cheque or by direct credit. Upon application to purchase such units, the applicant will be asked to complete their bank details where direct credit is the preferred method.

4 Unclaimed income distributions

Where income distributions remain unclaimed for a period of six years from the date of payment, the unclaimed income will be transferred to and become part of the capital property of the fund. The payee and the holder (or any successor in title to the units) will not have any right to the income except as part of the capital property of the fund.

5 Reinvestment of income

Unitholders can elect to reinvest net income distributions to purchase additional units. Such reinvestment will take place on or about the relevant income distribution dates.

THE ISSUE AND REDEMPTION OF UNITS IN THE FUND

1 Buying and Selling Units

Applications

The Manager will normally be available to receive written or telephone requests for the issue and redemption of units, at the office of the Registrar, between 9am and 5pm on any Business Day. The exceptions to this are instructions in respect of units held within ISA and Monthly Savings Plans, for which instructions to purchase units will only be accepted in writing.

Applications are irrevocable (except in the case where cancellation rights are applied – see below). Subject to its obligations under COLL, the Manager reserves the right to reject any application in whole or in part. In that event, application moneys or any balance will be returned to the applicant by post at his or her risk.

Applicants who have received advice may have the right to cancel their application to buy units at any time during the 14 days after the date on which they receive a cancellation notice from the Manager. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

Applications will not be acknowledged but a contract note, giving details of the transaction, will be despatched by the close of business on the first Business Day after the valuation point to which the transaction relates or the first business day following the receipt of the instructions, whichever is later.

Settlement in cases where subscription moneys are not enclosed with application forms in respect of units is due immediately upon confirmation of acceptance by the Manager of the application. In such cases, if payment in cleared funds is not received within four Business Days of the confirmation date, the Manager may refuse to issue units and cancel the deal. If the deal is cancelled the person who placed the deal will be responsible for any loss incurred by the Manager (units in ISA and Monthly Savings Plans will not be purchased unless settlement is enclosed with instructions to purchase units).

The price of units is expressed in Sterling and payment thereof should be made in Sterling. No interest payment will be made on client money held by the Manager prior to investment in the Fund. Client Money will be held in an account with HSBC Bank Plc. The fund is non-certificated. Therefore unit certificates are not issued in respect of units held on the register of unitholders.

Anti-Money Laundering Procedures

The Fund is subject to the UK's anti-money laundering regulations and the Manager may in its absolute discretion require verification of identity from any applicant including, without limitation, any applicant who:

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the applicant; or
- (b) appears to the Manager to be acting on behalf of some other person.

In the former case verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue units, pay the proceeds of a redemption of units, or pay income on units to investors. In the case of a purchase of units where the applicant is not willing or is unable to provide the information request within a reasonable period, the Manager also reserves the right to sell the units purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment. The Manager will not be liable for any price movements occurring during delays while money laundering

checks are carried out.

The Manager will, where possible, verify identity using information from credit reference agencies. Where this is not possible, or where the Manager decides (at its discretion) that it is appropriate, further documentation will be requested.

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 shares 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 investors, 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 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.

FATCA

As part of the process of buying units, applicants will be required to provide the Manager with any information that the Manager considers necessary to enable the Fund to comply with its domestic (and any overseas) obligations relating to FATCA.

FATCA aims to prevent US tax evasion by requiring foreign financial institutions (such as the Company) to report certain information in relation to any unitholder who is a Specified US Person to the Internal Revenue Service of the US ("IRS"). As a result of an intergovernmental agreement entered into between the US and UK governments, the Manager may be required to disclose information relating to unitholders who fall within the definition of Specified US Person (and their investments in the Fund) to HM Revenue & Customs, who will in turn exchange this information with the IRS.

By signing the application form to subscribe for units in the Fund, each applicant is agreeing to provide such information upon request from the Fund and/or the Manager (or their respective agents).

Please note that the Fund may treat investors as a Specified U.S. Person where the Manager is unable to establish that this is not the case.

Unitholders or applicants who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their interest in the Fund.

Redemptions

A unitholder who wishes to have all or any of his units realised should obtain and complete a Form of Renunciation and return it to the Manager. No evidence of title is required other than the entry on the Register. Where units are held in joint names all unitholders must sign the Renunciation Form. For holdings in the name of a limited company the Renunciation Form must be signed by two authorised signatories, unless an authority exists where one signatory is acceptable for the purpose (certified proof of this will need to be supplied to the Manager before any payment can be made).

Unless a unitholder wishes to realise all units comprised in a holding, he should specify in such request the number of units that he wishes to realise.

Redemption proceeds will normally be made in Sterling. Arrangements may be made for a unitholder who wishes to realise his units to receive payment by telegraphic transfer. In such circumstances any additional expenses involved in making settlement will be charged to the unitholder by deduction from the proceeds of redemption.

When units are being redeemed, payment in Sterling will be despatched before the close of business on the later of the fourth business day after receipt of the correctly completed renunciation documentation and the fourth business day after the next valuation point.

2 Minimum Investment and Holding

The minimum initial and subsequent investment is £1,000 in respect of retail and institutional unit classes, except for Monthly Savings Plans, where the minimum monthly contribution is £100 per month.

The minimum single redemption of units is units to the value of £1,000 in respect of retail and institutional unit classes..

Partial realisation of holdings is permitted provided that they do not result in the unitholder's holding of units of the type concerned being reduced to below £1,000 in value.

The above minimum levels are at the absolute discretion of the Manager.

3 Suspension and Resumption of Redemption of Units

The Manager may with the prior agreement of the Trustee, and will if the Trustee so requires, at any time suspend the issue, cancellation, sale, redemption and exchange of any class of units of the Fund (“**dealing**”) if it, or the Trustee in the case of any requirement by the Trustee, is of the opinion that due to exceptional circumstances there is a good and sufficient reason to do so having regard to the interests of unitholders or potential unitholders of that class of units. The Manager will inform the FCA and unitholders as soon as is practicable on suspension. The period of any suspension will be kept to the absolute minimum and will be regularly reviewed by the Manager and the Trustee at least every 28 days. The Manager will inform the FCA the results of this review including any changes to the circumstances surrounding the suspension. The Manager may, however, during the period in which dealing is suspended, agree to deal at prices calculated by reference to the first valuation point after resumption of dealing unless revoked at the request of the unitholder. The calculation of the unit price may continue during the period of suspension for the sole purpose of providing an indicative price.

4 Publication of prices

The Manager shall on each day on which he holds himself out as willing to issue or redeem units publish the most recent prices of those units on the website of Financial Express, which can be accessed via www.fundlistings.com.

The same information may also be obtained by telephone, by calling the following number 01202 802900.

5 In Specie Redemption

Where a unitholder requires units to be redeemed which represent a number greater than 5% of the units then is issue, the Manager may require the unitholder to take the proceeds of redemption in the form of an “in specie redemption”. If such a situation arises, the Trustee will, in consultation with the Manager, arrange for a percentage of the Fund’s underlying holdings to be set aside and, after consulting with the unitholder as to which course of action they wish to take. In these circumstances, the Manager may serve a notice of election on the unitholder that the relevant proportion of the property of the Fund will either be:

- (i) transferred into the name of the unitholder; or (subject to the unitholder serving a further notice on the Manager requiring them to arrange the sale of the property that would otherwise be transferred)
- (ii) sold on behalf of the unitholder and the proceeds forwarded to the unitholder when they become available.

In specie issue

Where the application for issue of units is equivalent to 5% or more of the Net Asset Value of the Fund, the Manager may at its discretion, in consultation with the Trustee, accept assets other than cash as payment for the issue of units. The acceptance of the assets will be on the basis that the receipt of the property should not adversely affect the interests of the existing unitholders of the Fund and subject to the investment restrictions of the said Fund.

6 Mandatory redemption or transfer of units

If the Manager reasonably believes that any units are owned directly or beneficially in circumstances which:

- (a) constitute a 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
- (b) may (or may if other units are acquired or held in like circumstances) result in the Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) may result in units of a particular class being acquired or held by any person not falling within the categories of persons (if any) who are permitted to hold units of such class;
- (d) 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 shareholder 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 communications constituting a breach),

or if the Manager is not satisfied that any units may not give rise to a situation discussed in (a) to (d) above, it may give notice to the holder of such units requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request in writing the redemption of the units by the Fund. If the holder does not either transfer the units to a qualified person or establish to the Manager's satisfaction that he or she and any person on whose behalf he or she holds the units are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a 30 day period to have requested their redemption.

7 Conversions

Subject to any restrictions on the eligibility of investors for a particular unit class, a unitholder may opt to convert units in one class in the Fund for units in a different class in the Fund, subject to the investment minima as set out in this Prospectus and the conversions will be effected by the Manager recording the change of unit class on the register of the Trust.

Conversions will be effected at the next valuation point. The number of units to be issued in the new class will be calculated relative to the price of units being converted from. The Manager will notify unitholders once the conversion has been effected. Conversions will not generally be treated as a disposal for capital gains tax purposes.

There is no fee on an exchange between unit classes of the Fund.

The right to exchange is subject to the following:

- (a) the Manager and the Trustee are not obliged to give effect to a request for exchange of units if the value of the units to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the unitholder holding units of any class of less than the minimum holding for that class of units (see above);
- (b) the Manager may decline to permit an exchange into a unit class where it would be entitled under COLL to refuse to give effect to a request by the unitholder for the redemption of units of the old class or the issue of units of the new class.

In no circumstances will a unitholder who converts between classes of units be given a right by law to withdraw from or cancel the transaction.

Application

A unitholder wishing to convert units should apply in the same way as for a redemption (see above). A switch will be effected at prices based on the valuation made on the next Business Day following acceptance of the request.

A contract note giving details of the exchange will be sent on or before the next Business Day following the relevant Business Day.

8 Large Deal

A large deal means either:

- (i) an offer to acquire from the Manager units where the total consideration payable would, if the price payable for each unit were the price last notified to the Trustee before the offer was made, exceed £15,000; or
- (ii) a request that units be redeemed where the total consideration payable would, if the price payable for each unit were the price last notified to the Trustee before the offer was made, exceed £15,000,

and for these purposes, a number of offers or a number of requests made by or on behalf of the same person as principal in one dealing period shall be treated as one offer or as one request as the case may be.

THE PROFILE OF A TYPICAL INVESTOR

The Manager considers that the Fund is suitable for investors who see collective investment schemes as a convenient and cost-effective way of participating in stock market investment and performance. As the investment may occasionally experience periods of price volatility, the Fund would be more suitable for investors who can afford to set aside the invested capital for a minimum period of 5 years. All investors in the Fund should understand and appreciate the risks associated with investing in units in the Fund, and must be able to accept losses. The Manager recommends that investors seek suitable advice from an authorised independent intermediary before investing in units. Investors should also note the "Risk Factors" section below and in the KIID.

RISK FACTORS

The risks associated with investing in the Fund, are as follows:

- Investors should appreciate that there are inherent risks in all types of investments. Stock market prices can move erratically and be unpredictably affected by many diverse factors, including political and economic events but also rumours and sentiment. Investment in the Fund should be regarded as long-term, which is upwards of five years. There can be no guarantee

that the objectives of the Fund will be achieved.

- The capital value and the income from units issued in respect of the Fund can fluctuate and the price of units and the income from them can go down as well as up and are not guaranteed. On encashment, particularly in the short-term, investors may receive less than the original amount invested. The Manager's initial charge is deducted from an investment at the outset and an equivalent rise in the value of the units is required before the original investment can be recovered. It must be emphasised that past performance is not necessarily a guide to future growth or rates of return.
- Defensive investment in cash and money market instruments, at times when relevant stockmarket indices are rising, may constrain the growth of capital invested in the Fund.
- Investments may be made in assets denominated in various currencies and the movement of exchange rates may have a separate effect, unfavourable as well as favourable, on the gains and losses otherwise experienced on such investments.
- Exemptions, thresholds and rates of tax may change in the future.
- The Fund will normally invest in written call options, which are intended to protect the capital value of investments within the Fund. Whilst the premiums received can help to boost the performance of the Fund, in certain market conditions, typically where stock prices are rising, such investments can have the effect of constraining capital growth, as they have an associated cost attached to them.
- Some or all of the charges and expenses may be treated as a capital expense in accordance with COLL, which may have the effect of eroding capital or constraining capital growth, as the Fund treats the generation of income as a higher priority than capital growth.
- Where the Fund's assets are held in custody, there may be a risk of loss resulting from the insolvency, negligence or fraudulent action of the custodian or sub-custodian;
- Inflation may affect the real value of a unitholder's savings and investments, which may reduce the buying power of the money a shareholder has saved and their investments;
- Investors are reminded that in certain circumstances their right to redeem units may be suspended (as explained on page 17);

The Fund's investments may be subject to liquidity constraints, which means that the investments may trade infrequently and in small volumes, or that a particular instrument is difficult to buy or sell. Normally liquid investments may also be subject to periods of disruption in difficult market conditions. As a result, changes in the value of investments may be unpredictable and, in certain circumstances, it may be difficult to deal an investment at the latest market price quoted or at a value considered by the Manager to be fair.

GENERAL INFORMATION

1 **Publication of Annual and Half-yearly Reports.**

The annual and interim accounting dates are 30th June and 31st December.

The short-form accounts (short reports) will be sent to holders on or before the 31st October (Final) and the last day of February (Interim) The long-form accounts (long report) will be published on or before 31st October (Final) and the last day of February (Interim) and will be available, free of charge, from the Manager.

2 **Unitholder Information**

The Fund will serve any notice or document on unitholders by sending them by first class post to the name and address on the register and in the case of joint unitholders, to the first mentioned on the register.

3 **Trust Deeds and Manager's Reports**

Copies of the Trust Deed constituting the Fund and any supplemental deeds thereto, and the most recent Prospectus and KIID, may be obtained in writing from the Manager, or inspected at its offices at 73 New Bond Street, London, W1S 1RS. A charge of £10 plus VAT per copy will be made for copies of the Trust Deed. The most recent annual and half-yearly Manager's Reports are available free of charge, both by telephone on 01202-855856 and by post to the address above.

4 **Taxation**

The taxation of both the Fund and unitholders in it is subject to the fiscal law and practice of the UK and of the jurisdictions in which unitholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice and applies only to persons holding units as an investment. It is not a guarantee to any investor of the tax results of investing in the Trust.

In particular, this summary does not take account of particular investors' individual circumstances, does not address the taxation consequences for investors who may be subject to taxation or exchange control in a jurisdiction other than the UK and does not address investors falling into particular categories (such as life insurance companies or employees of entities connected to the company) which may be subject to special rules.

Prospective investors should consult their own professional advisers on the tax and exchange control implications of making an investment in, holding or disposing of units and the receipt of distributions with respect to units under the laws of the countries in which they may be liable to taxation.

This summary is based on the UK taxation law and HM Revenue & Customs' practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change.

The Fund

The UK tax regime applicable to the Fund is primarily set out in Chapter 2 of Part 13 to the Corporation Tax Act 2010 and in the Authorised Funds (Tax) Regulations 2006 (SI 2006/964) (the “**Tax Regulations**”).

The Fund will be liable to corporation tax on its taxable income, less its expenses of management. Under section 614 of the Corporation Tax Act 2010, corporation tax will be payable for a financial year at the basic rate of income tax for the tax year beginning in that financial year (currently 20%), sums appropriated in accordance with the terms of this Prospectus (as amended from time to time) for the remuneration of the Manager should be treated as management expenses.

Like UK companies, the Fund will generally not be subject to corporation tax on dividends from United Kingdom resident companies nor (since 1 July 2009) on most dividends from overseas companies. Where foreign tax has been deducted from income from overseas sources, that tax may in some instances be offset against corporation tax payable by the Fund under double taxation relief arrangements.

As an authorised unit trust, the Fund will benefit from the exemption from corporation tax on chargeable gains in respect of disposals of its investments. The Fund will also not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which it derives from its creditor loan relationships or its derivative contracts, to the extent that those profits, gains or losses are treated as capital in nature. Capital profits, gains or losses for this purpose are those profits, gains or losses arising from its creditor loan relationships or derivative contracts which fail to be dealt with under either the heading “net gains/losses on investments during the period” or the heading “other gains/losses” in the Funds statement of total return for the accounting period in question.

The Tax Regulations also provide that where an Fund has different unit classes there shall be no discrimination between participants in respect of different classes of units, and accordingly it is not possible to make different types of distributions to different classes of units within a Fund.

Unitholders

The following is a general statement of current UK tax law and HM Revenue & Customs' published practice. Such law and practice may alter without prior warning. It does not describe the taxation treatment of shareholders which are subject to specific tax regimes or of persons resident in jurisdictions other than the United Kingdom. Unitholders are advised to consult their professional advisers as to their tax position in all circumstances.

Individuals

An individual unitholder resident in the United Kingdom for tax purposes is liable to income tax on distributions made by the Fund.

Dividends paid to individual unitholders resident in the United Kingdom for tax purposes will be treated in the same way as dividends received from a UK resident company and will have attached to them a tax credit equal to 10% of the grossed up dividend. The ability to reclaim a tax credit in relation to dividends has, generally, been withdrawn. The aggregate of the net dividend and the tax credit will be included in the unitholder's total income for tax purposes. Individuals liable to income tax at the basic rate will have no further tax liability. Higher rate tax payers will have a tax liability equal to 25% of the net dividend. Additional rate tax payers (those individuals with income over £150,000) will have a tax liability equal to approximately 36.1% of the net dividend to the extent that the gross dividend falls above the £150,000 threshold.

On a disposal of shares in the Fund individual unitholders may, depending upon their personal circumstances, have a liability to capital gains tax. Any net gain giving rise to a liability to capital gains tax will be charged to tax at the individual unitholder's top marginal rate of tax.

If the investments of the Fund were, throughout any distribution period, to consist of more than 60% by market value in “qualifying investments” (see the definition under the heading “**Corporate**” below), that Fund may distribute its income as yearly interest which would be paid under deduction of income tax at the lower rate, currently 20% (unless the shareholder has made a valid declaration that he is not ordinarily resident in the UK).

In such a situation, UK resident individuals and certain other unitholders liable to UK income tax will be taxable on the sum of their gross interest distributions received during the relevant tax year, but they should be entitled to use the income tax

withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of basic rate tax payers to tax on the income. Higher and additional rate tax payers will have further tax to pay. If the total income of the unitholder is less than his or her personal allowance, the tax withheld can be the subject of a repayment claim.

It is not the Manager's intention to manage the assets attributable to the Fund such that distributions are regarded as interest and tax is withheld.

Corporate

Corporate unitholders resident in the United Kingdom for tax purposes will be subject to the corporate streaming rules in relation to any dividends received from the Fund, save to the extent that such dividends are treated as a trading receipt or are received by a manager of an authorised investment fund in the ordinary course of business as a manager of the fund. Such dividends are “streamed” into unfranked and franked income depending on the relative proportions of franked and unfranked income comprised in the gross income of the Fund. Any deemed unfranked income will be liable to corporation tax in the hands of any unitholders within the charge to corporation tax (this includes shareholders who are, themselves, either an OEIC or authorised unit trust).

In order to prevent avoidance of the tax regime relating to corporate debt (contained in the Corporation Tax Act 2009) by companies investing in a Fund which in turn invests in debt, if the Fund at any point in an accounting period fails to satisfy the non-qualifying investments test described below, the holding is treated as if it were a holding of rights under a creditor relationship of the Fund in respect of which fair value accounting must be used. Fluctuations in the value of the investments held by the Fund in such circumstances will therefore be taxed or relieved on an annual basis. The non-qualifying investments test requires that not more than 60 per cent of the market value of the investments of the Fund are held in “qualifying investments”. “Qualifying investments” for these purposes consist mainly of:

- (i) any money placed at interest;
- (ii) any security:
 - (A) including loan stock or similar security whether of the UK Government or any other government or of any public or local authority in the UK or elsewhere or of any company, and whether secured or unsecured; but
 - (B) excluding shares in the company;
- (iii) any shares in a Building Society; and
- (iv) an entitlement to a share in the investments subject to the trusts of another authorised unit trust or OEIC unless the investments of the authorised unit trust or the OEIC fulfil the 60% qualifying investments requirement stated above.

Any chargeable gains arising to United Kingdom resident corporate shareholders on a disposal of their shares in the Fund will be subject to corporation tax.

EU Savings Directive

The European Union Directive on the Taxation of Savings Income (2003/48/EC) (the “EU Savings Directive”) provides that “paying agents” established in a member state of the EU (or certain prescribed dependent or associated territories of member states) which pay “savings income” to individuals resident in another member state (or, depending on the state in which the paying agent is established, possibly also to individuals resident in the prescribed dependent or associated territories) are obliged, depending on the state in which the paying agent is established, either to disclose details of the payment and payee to taxation authorities or to withhold tax from the payment.

For the purposes of the UK's implementation of the EU Savings Directive, the proceeds of a sale, refund or redemption of units in the Fund and/or the proceeds represented by a distribution from the Fund may be classed as “savings income”. Sale, refund or redemption proceeds will be savings income if more than 25% of the Funds' assets are invested in money debts. Distribution proceeds will be savings income if more than 15% of the Fund's assets are invested in money debts.

Under the UK's implementation, where savings income is paid by a paying agent established in the UK to an individual resident in another member state or prescribed territory, the paying agent is obliged to disclose details of the payment to the HM Revenue & Customs. The identity of the relevant paying agent depends on how a unitholder purchases and holds units. For unitholders who purchase units directly, the paying agent is likely to be the Manager.

Consequently, it may be necessary or desirable for the Fund, the Manager or any other person or entity connected to the Fund to collect certain additional information from unitholders or to take other action connected to the EU Savings Directive to enable disclosures to be made to tax authorities or, where applicable, tax to be withheld.

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). Units held by trustees are potentially subject to special rules which may charge IHT periodically.

IHT is chargeable on the death of a person, on certain gifts made within the seven years before an individual's death and (immediately) on gifts to most types of trusts. The rate of tax is 0% up to a cumulative nil-rate limit. The excess is charged at 20% where the tax is charged during an individual's lifetime and 40% if the tax is charged on or by reference to the individual's death. Where tax is charged both during lifetime and again on death by reference to the same transfer, credit is given for the lifetime tax suffered. For these purposes gifts may include transfers at less than full market value unless the transferor can show that there was no gratuitous intent.

ISAs

Units attributable to the Fund will be eligible for inclusion within a stocks and shares component of an ISA.

General

In the case of accumulation units, reinvested income is deemed to have been distributed to the unitholder for the purposes of taxation and a tax voucher will be issued to the unitholder to provide the appropriate details for their returns.

Important Note

The tax information above is based on the Manager's understanding of the current tax rules.

The Manager recommends that Unitholders who are in any doubt about their tax position, should consult with their financial adviser.

Common Reporting Standards (CRS)

To satisfy the requirement for the automatic exchange of financial information between tax authorities worldwide, CRS countries must obtain information from relevant clients and exchange that information with the tax authorities of other CRS countries. In the UK the CRS system was mandated by 'The International Tax Compliance Regulations 2015'.

From 1 January 2016, the Manager will be required to compile information about all accounts in existence as of 31 December 2015, and all new accounts opened on or after 1 January 2016, and from 2017 report the information to HM Revenue and Customs.

FATCA

The Foreign Account Tax Compliance Act (FATCA) is a piece of legislation introduced by the United States Government to help counter US tax evasion by encouraging more effective reporting of information.

In the United Kingdom, the principles of FATCA have been brought into local law. This means the Manager will need to provide information on US accounts to the local tax authority, HM Revenue and Customs (HMRC).

For further information please refer to the 'International Tax Reporting' section on page 2 as well as the additional 'FATCA' section on page 25 of this Prospectus.

5 Complaints

If you wish to make a complaint about the operation of the Fund, you should contact the Manager at 73 New Bond Street, London, W1S 1RS. If the complaint cannot be resolved satisfactorily by the Manager, it may be referred to the Financial Ombudsman at Exchange Tower, London, E14 9SR. More details about the Financial Ombudsman Service are available from the Manager.

6 Past Performance

You should note that the price of units, and the income from them, can go down as well as up as a result of changes in the value of the underlying securities and currency movements. You may not get back the amount originally invested.

Historical performance is shown in Appendix 1. Past performance is not necessarily a guide to future investment returns.

7 Data Protection

Unitholder information will be stored and processed by computer systems so that the Manager can provide the services required. Such information may be passed on to third party service providers used by the Manager in relation to the Fund. The use of personal information is covered by the Manager's registration as a "data controller" under the Data Protection Act 1998.

To assist in confirming a potential unitholder's identity, the Manager may make searches with credit reference agencies who will supply the Manager with credit information, as well as information from other sources such as the UK electoral register. Any information provided by unitholders will be used to enable the Manager to provide the services as set out in this Prospectus.

The Manager may wish to contact you for market research purposes and to provide you with information about the Manager's products and services from time to time. Unitholders may write to the Manager to request to be removed from the Manager's mailing list, correct their personal data or, upon payment of the appropriate fee, obtain a copy of their personal data held by the Manager.

8 Governing law

The Fund, this Prospectus and any matters arising out of or in connection with a unitholder's investment in units in the Fund and the establishment, management and administration of the Fund shall be governed by and construed in accordance with the laws of England and Wales. The rights of the unitholders and the construction and effect of the provisions of the Trust Deed and this Prospectus shall be subject to the exclusive jurisdiction of the courts of England and Wales.

Appendix 1

HISTORICAL PERFORMANCE

Below we have shown the historical performance, for the period to 30 June 2016. Where possible, we have shown the performance over and the last 5 years, for each complete year, to last quarter end.

- As a single priced fund, the Fund's performance is measured on a Net Asset Value (NAV) to NAV basis, without the application of a dilution levy.
- In respect of Income units (where they are available), the performance shown will assume that any income has been distributed (i.e. not reinvested to purchase additional units).

HC Charteris Premium Income Fund – NET Retail Accumulation Units

Percentage Growth year to 30 June 2012	Percentage Growth year to 30 June 2013	Percentage Growth year to 30 June 2014	Percentage Growth year to 30 June 2015	Percentage Growth year to 30 June 2016	Percentage Growth from Launch to 30 June 2016
-2.54%	4.39%	4.67%	-1.9%	0.05%	29.95%

Launch date: 8 September 2009

HC Charteris Premium Income Fund – NET Retail Income Units

Percentage Growth year to 30 June 2012	Percentage Growth year to 30 June 2013	Percentage Growth year to 30 June 2014	Percentage Growth year to 30 June 2015	Percentage Growth year to 30 June 2016	Percentage Growth from Launch to 30 June 2016
-2.21%	5.10%	4.66%	-1.9%	0.08%	68.97%

Launch date: 10 December 2001

HC Charteris Premium Income Fund – NET Institutional Accumulation Units

Percentage Growth year to 30 June 2012	Percentage Growth year to 30 June 2013	Percentage Growth year to 30 June 2014	Percentage Growth year to 30 June 2015	Percentage Growth year to 30 June 2016	Percentage Growth from Launch to 30 June 2016
-2.05%	4.73%	5.20%	-1.41%	0.56%	33.31%

Launch date: 1 July 2010

HC Charteris Premium Income Fund – NET Institutional Income Units

Percentage Growth year to 30 June 2012	Percentage Growth year to 30 June 2013	Percentage Growth year to 30 June 2014	Percentage Growth year to 30 June 2015	Percentage Growth year to 30 June 2016	Percentage Growth from Launch to 30 June 2016
-1.71%	5.37%	5.18%	-1.40%	0.56%	73.57%

Launch date: 1 July 2010

Investors and potential investors should note the following statements

The figures shown above reflect the past performance of the Fund and not a projection of the future performance. You should note that the price of units, and the income from them, can go down as well as up as a result of changes in the value of the underlying securities and currency movements. You may not get back the amount originally invested.

Past performance is not necessarily a guide to future investment returns.

Appendix 2

VALUATION AND PRICING ON A SINGLE PRICING BASIS

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

1. All the property of the Fund (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraph 3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
 - (a) units or shares in a collective investment scheme:
 - (i) if a single price for buying and selling units or shares is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
 - (iii) 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, at a value which, in the opinion of the Manager, is fair and reasonable;
 - (b) exchange-traded derivative contracts:
 - (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices;
 - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;
 - (d) any other investment:
 - (i) if a single price for buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
 - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value at a value which, in the opinion of the Manager, is fair and reasonable; and
 - (e) property other than that described in (a), (b), (c) and (d) above at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
4. In determining the value of the scheme property, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.
5. Subject to paragraphs 6 and 7 below, 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 shall not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax and stamp duty, shall be deducted.
9. An estimated amount for any liabilities payable out of the property of the Fund and any tax thereon treating periodic items as accruing from day to day shall be deducted.
10. The principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings shall be deducted.
11. An estimated amount for accrued claims for tax of whatever nature which may be recoverable shall be added.
12. Any other credits or amounts due to be paid into the property of the Fund shall be added.
13. A sum representing any interest or any income accrued due or deemed to have accrued but not received shall be added.
14. Currencies or values in currencies other than base currency 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 unit holders or potential unit holders.

Appendix 3

LIST OF DELEGATES AND SUB-DELEGATES

[CITIBANK TO CONFIRM]

Trustee's delegate	
Citibank N.A.	
Trustee's sub-delegates	
Australia	Citigroup Pty. Limited
Austria	Citibank N.A., Milan Branch
Belgium (LUX)	Citibank Europe plc, UK Branch
Brazil	Citibank N.A., Brazilian Branch
Bulgaria	Citibank Europe plc, Bulgaria Branch
Canada	Citibank, Canada
Chile	Banco de Chile
China Hong Kong Stock Connect	Citibank N.A., Hong Kong Branch
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Croatia	Privedna banka Zagreb d.d.
Cyprus	Citibank Europe plc, Greece Branch
Czech Republic	Citibank Europe plc, Organizacni Slozka
Denmark	Nordea Bank Danmark A/S
Egypt	Citibank N.A., Cairo Branch
Estonia	Swedbank AS
Finland	Nordea Bank Finland plc
France	Citibank Europe plc, UK Branch
Germany	Citigroup Global Markets Deutschland AG
Greece	Citibank Europe plc, Greece Branch
Hong Kong	Citibank N.A., Hong Kong Branch
Hungary	Citibank Europe plc, Hungarian Branch Office
Iceland	Citibank is a direct member of Clearstream Banking, which is an ICSD
India	Citibank N.A., Mumbai Branch
Indonesia	Citibank N.A., Jakarta Branch
Ireland	Citibank N.A., London Branch
Israel	Citibank N.A., Israel Branch
Italy	Citibank N.A., Milan Branch

Japan	Citibank Japan Limited
Korea (South)	Citibank Korea Inc.
Latvia	Swedbank AS acting through its agent Swedbank AS
Lithuania	Swedbank AS acting through its agent Swedbank AS
Malaysia	Citibank Berhad
Malta	Citibank is a direct member of Clearstream Banking, which is an ICSD
Mexico	Banco Nacional de Mexico, S.A.
Morocco	Citibank Maghreb
Netherlands	Citibank Europe plc, UK Branch
New Zealand	Citibank, N.A., New Zealand Branch
Norway	DNB Bank ASA
Peru	Citibank del Peru S.A.
Philippines	Citibank N.A., Manila Branch
Poland	Bank Handlowy w Warszawie SA
Portugal	Citibank Europe plc, sucursal em Portugal
Romania	Citibank Europe plc, Dublin - Romania Branch
Russia	AO Citibank
Singapore	Citibank N.A., Singapore Branch
Slovak Republic	Citibank Europe plc pobočka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d. Ljubljana
South Africa	Citibank N.A., South Africa Branch
Spain	Citibank Europe plc, Sucursal en Espana
Sri Lanka	Citibank N.A., Colombo Branch
Sweden	Citibank Europe plc, Sweden Branch
Switzerland	Citibank N.A., London Branch
Taiwan	Citibank Taiwan Limited
Thailand	Citibank N.A., Bangkok Branch
Turkey	Citibank A.S.
United Arab Emirates ADX & DFM	Citibank N.A., UAE
United Arab Emirates NASDAQ Dubai	Citibank N.A., UAE
United Kingdom	Citibank N.A., London Branch
USA	Citibank N.A., New York Offices