

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

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

**Prospectus of**  
**the Close Select Global Equity**  
**Fund**  
**(An open-ended investment company with variable**  
**capital incorporated with limited liability**  
**and registered in England and Wales**  
**under registered number IC000592 and PRN 474289) This**  
**Prospectus is dated, and is valid as at, 03 August 2023**

This document constitutes the Prospectus for Close Select Global Equity Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL).

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

## **Contact Details**

### **WHAT ARE CLOSE ASSET MANAGEMENT (UK) LIMITED'S CONTACT DETAILS?**

Close Asset Management (UK) Limited (the "Authorised Corporate Director" or "ACD")  
PO Box 367  
Darlington  
DL1 9RG

Telephone: 0370 606 6452

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 12.8 below for further information.

### **HOW DO I CONTACT THE FINANCIAL CONDUCT AUTHORITY?**

Close Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom. The FCA can be contacted at:

12 Endeavour Square,  
London,  
E20 1JN

From UK: 0300 500 8082 (local call rates) or 0800 111 6768 (freephone)

From abroad: +44 207 066 1000

Website: [www.fca.org.uk](http://www.fca.org.uk)

Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk)

## **Prospectus of Close Select Global Equity Fund**

This document constitutes the Prospectus relating to Close Select Global Equity Fund (the "Fund") a UK Authorised Investment Fund, which is an ICVC. It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook ("COLL Sourcebook") which forms part of the FCA Handbook of Rules and Guidance. This document complies with the requirements of Chapter 4 of the COLL Sourcebook and copies have been sent to the Financial Conduct Authority and to the Depositary in accordance with the COLL Sourcebook.

This document is valid as at the date on the front cover. Any Shareholder or prospective Shareholder should check with the ACD that this document is the most current version and that no revisions have been made to this Prospectus since this date. Please note that notifiable changes which are in the process of being implemented or which have already been implemented may not be disclosed in the current prospectus.

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

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

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Close Asset Management (UK) Limited.

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

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

This Prospectus does not amount to an offer in any jurisdiction where such offer may be prohibited or to any investor outside the United Kingdom who is prohibited by applicable laws from subscribing for Shares. This Prospectus is intended for distribution in the United Kingdom only. Its distribution in other countries may be restricted. All communications in relation to this Prospectus shall be in English.

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

Due to US tax legislation, (the Foreign Account Tax Compliance Act – FATCA) the Fund will be required to disclose the name, address, and taxpayer identification number of certain US investors who fall within the definition of Specified US Person under FATCA that own, directly or indirectly, an interest in certain entities, as well as certain other information relating to such interest to HM Revenue & Customs, who will in turn exchange this information with the Internal Revenue Service in the United States of America. The Fund will also be required to identify certain persons under other information exchange regimes, in particular certain persons with a direct or indirect interest in the Fund in participating jurisdictions under a regime known as the OECD Common Reporting Standard (the “CRS”) and to report related information to HM Revenue & Customs (for automatic exchange with the relevant tax authorities in such participating jurisdictions).

The Fund’s ability to report to HM Revenue & Customs will depend on each affected Shareholder in the Fund providing the Fund or its delegate with any information that the Fund determines is necessary to satisfy such obligations. By signing the application form to subscribe for Shares in the Fund, each affected Shareholder is agreeing to provide such information upon request from the Fund or its delegate. The Fund may exercise its right to completely redeem an affected Shareholder (at any time upon any or no notice) if they fail to provide the Fund with the information the Fund requests to satisfy its obligations under FATCA and/or the CRS. Shareholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their interest in the Fund and the application of the CRS.

**Important: If you are in any doubt about the contents of this Prospectus you should consult your financial adviser.**

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## TERMS USED IN THIS DOCUMENT

<b>"ACD"</b>	Close Asset Management (UK) Limited the authorised corporate director of the Fund;
<b>"Act"</b>	the Financial Services and Markets Act 2000 (as amended);
<b>"Approved Bank"</b>	one of the approved banks as defined in the Glossary to the FCA Rules;
<b>"AUT"</b>	a UK authorised unit trust;
<b>"Authorised Investment Fund"</b>	an AUT or an ICVC;
<b>"Business Day"</b>	Monday to Friday excluding public and bank holidays in the United Kingdom, or any day on which the London Stock Exchange is not open for the normal duration of its trading hours, except for any day on which the ACD has notified the Depositary that it is not open for normal business due to a concessionary company holiday or otherwise agreed between the ACD and the Depositary;
<b>"Class" or "Classes"</b>	in relation to Shares, means all of the Shares related to a particular class or classes of Share related to the Fund.
<b>"COLL"</b>	refers to the appropriate chapter or rule in the COLL Sourcebook;
<b>"COLL Sourcebook"</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time;
<b>"Dealing Day"</b>	each Business Day but not 24 or 31 December or any other day at the ACD's discretion as notified to Shareholders;
<b>"Depositary"</b>	The Bank of New York Mellon (International) Limited;
<b>"EEA"</b>	the European Economic Area;
<b>"EUWA"</b>	the European Union (Withdrawal) Act 2018;
<b>"EEA State"</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>"Eligible Institution"</b>	one of the eligible institutions as defined in the Glossary to the FCA Rules;
<b>"FCA"</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
<b>"FCA Rules"</b>	the rules of the FCA (including the COLL);
<b>"Fund"</b>	the Close Select Global Equity Fund;
<b>"ICVC"</b>	a UK authorised open ended investment company, an investment company with variable capital;
<b>"Instrument"</b>	the instrument of incorporation by which the Fund is constituted;



<b>"Investment Adviser"</b>	Close Asset Management Limited;
<b>"Non-UCITS Retail Scheme"</b>	means a type of collective investment scheme such as the Fund which is authorised by the FCA and therefore meets the standards set by the FCA to enable the scheme to be marketed to the public within the UK, but which does not comply with the conditions necessary for it to benefit from certain passporting rights under the UCITS Directive (or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable);
<b>"OEIC Regulations"</b>	The Open-Ended Investment Companies Regulations 2001, as amended from time to time;
<b>"Ongoing Charges Figures (OCF)"</b>	the ongoing charges figure is based on the last year's expenses and may vary from year to year. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund);
<b>"Prospectus"</b>	This document, the prospectus for the Fund as amended from time to time;
<b>"Scheme Property"</b>	the property of the Fund required under the COLL Sourcebook to be given for safe-keeping to the Depositary;
<b>"Share"</b>	a share of the Fund, being a share which relates to a particular Class of share the Fund (including fractions of 1/1000 of a share);
<b>"Shareholder"</b>	a holder of Shares;
<b>"UK UCITS"</b>	an undertaking for collective investment in transferable securities scheme constituted in accordance with the FCA Rules;
<b>"Valuation Point"</b>	a valuation point fixed by the ACD for the purposes of valuation of the property of the Fund, currently midday on each Dealing Day;

## **1. Constitution of the Fund**

### **1.1 Authorisation**

The Fund is an investment company with variable capital incorporated in England and Wales. The Fund was authorised by the Financial Conduct Authority on 31 January 2008 as a non-UCITS retail scheme. On 2 May 2023 the Fund received FCA approval to convert from a non-UCITS retail scheme to a UK UCITS. This change in classification became effective on 30 June 2023. The Fund is incorporated in England and Wales with registered number IC000592.

The head office of the Fund is at 10 Crown Place, London EC2A 4FT. This is also the address for the service on the Fund of notices or other documents required or authorised to be served on it.

### **1.2 Fund and Share Class details**

The investment objective and policy of the Fund, together with the available Share Classes and details on the costs of the Share Classes are set out in Appendix 1.

### **1.3 Base Currency**

The base currency of the Fund is pounds sterling of the United Kingdom. The maximum size of the Fund's capital is £100,000,000,000 and the minimum size is £1.

### **1.4 Typical Investor**

The Fund is designed to be suitable for any investor, including a retail investor, who is prepared to risk loss of their capital to potentially get higher returns and who plans to stay invested in the Fund for at least 5 years. The target market of the Fund is any investor, including a retail investor, who has read the Key Investor Information Document and who wishes to have the investment exposure as set out in the Fund's investment objective and policy.

The Fund is appropriate for an investor with basic knowledge, or an informed investor or an experienced investor. The Fund may be purchased with or without professional financial advice. The Fund has been classified as a non-complex investment product so there is no requirement to have prior knowledge or experience of this type of investment before investing.

The Fund is designed to be used as a standalone solution or form part of a portfolio of investments. The product is not guaranteed and the value of the product can go up or down.

Investors in the Fund recognise that taking risks can be to their long-term advantage and they are comfortable with the ups and downs associated with investing in products which give exposure to stocks and shares. They understand that this strategy can result in large fluctuations in the value of their investment, but are willing to accept this risk, and are comfortable taking on the general and specific risks as set out in section 3 to achieve their investment goals.

## 1.5 **Historical Performance**

The historical performance of the Fund will be set out in **Error! Reference source not found..**

## 2. **Management of the Fund**

### 2.1 **Regulatory Status**

The ACD, the Depositary and the Investment Adviser are authorised and regulated by the FCA.

### 2.2 **The ACD**

The ACD of the Fund is Close Asset Management (UK) Limited, a private limited company incorporated in England and Wales under number 2998803 on 6 December 1994 and is the sole director of the Fund. The ultimate holding company of the ACD is Close Brothers Group plc, a company incorporated in England and Wales on 3 June 1953 with registered number 520241. The registered office (and head office) of the ACD is at 10 Crown Place, London EC2A 4FT. The business address is 10 Crown Place, London EC2A 4FT. The issued share capital of the ACD is £500,000 all of which is fully paid up.

The ACD is the authorised corporate director of the Fund and is also the manager or authorised corporate director of the following UK Authorised Investment Funds:

- Close Discretionary Funds
- Close FTSE TechMARK Fund
- Winchester Fund

The Directors of the ACD are as follows:

- S Forrest (independent non-executive director)
- C Parry
- E. Reynolds
- R Smith
- A Sippetts (independent non-executive director)
- I Wallace

Certain of the directors of the ACD also act as directors of companies other than the ACD (including companies that are within the same group of companies as the ACD) and engage in business activities that are not connected with the Fund. The ACD is responsible for managing and administering the Fund affairs in compliance with the FCA Rules.

The appointment of the ACD was made under an Agreement dated 1 October 2012 between the Fund and the ACD (the "Management Agreement").

The ACD is responsible for managing and administering the Fund's affairs in compliance with the COLL Sourcebook. Under the terms of the Management Agreement, the ACD is to provide investment management, administrative, accounting, company secretarial and registrar services to the Fund. The ACD may delegate its management and administration functions to third parties, including its associates.

The key duties of the ACD in relation to the Fund consist of:

- (a) the management of the investments of the Fund in conformity with its investment objectives as set out in this Prospectus;
- (b) the duty to ensure that regular valuations of the Scheme Property are carried out and to ensure that the Shares are correctly priced;
- (c) the making and revision of the investment objective of the Fund;
- (d) keeping a daily record of Shares, including the type of such Shares, which the ACD has purchased or sold;
- (e) preparing a report and accounts of the Fund in respect of every accounting period;
- (f) the supervision and oversight of any delegate which it has appointed; and
- (g) taking all other action as necessary for the administration and management of the Fund. The ACD is entitled to receive preliminary, redemption and periodic charges as set out in section 7.1 of this Prospectus.

The ACD's appointment under the Management Agreement may be terminated by resolution of the Fund in general meeting passed at any time not less than 6 months' notice to the ACD. The ACD may terminate its appointment at any time if the Fund is wound up or if there is a material breach of the Management Agreement and immediately if the Fund ceases to be authorised by the FCA.

The ACD is required to have a Remuneration Code ("the Code") that is in accordance with the requirements of SYSC 19E of the FCA Rules relating to the way in which it remunerates staff.

The Code is designed to ensure that the ACD'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 profiles, or the constitutional documents of the UCITS funds it manages;
- do not impair the ACD's compliance with its duty to act in the best interests of those funds; and
- include fixed and variable components of remuneration including salaries and discretionary pension benefits.

When applying the Code, the ACD will comply with the applicable rules in a way, and to the extent, that is appropriate to the size, internal organisation and the nature, scope and complexity of the ACD's activities.

The Code must include measures to avoid conflicts of interest and be in line with the business strategy, objectives, values and interests of:

- the ACD;
- the UK UCITS funds it manages; and
- the shareholders.

Full and up-to-date details of the Code are available on the website of the ACD: [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds). This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request to the ACD.

### 2.3 **The Depositary**

The Depositary of the Fund is The Bank of New York Mellon (International) Limited, a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The registered and head office of the Depositary is at 160 Queen Victoria Street, London EC4V 4LA.

The principal business activity of the Depositary is the provision of custodial, banking and related financial services. The Depositary is authorised by the Prudential Regulation Authority and is dual regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Depositary is responsible for the safekeeping of all the Scheme Property (other than tangible moveable property) of the Fund and has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Instrument and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Fund.

The Depositary acts as global custodian and is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property. The Depositary has appointed The Bank of New York Mellon SA/NV and The Bank of New York to act as global sub-custodian of the property of the Fund (the "Global Sub-Custodians"). In turn, the Global Sub-Custodian has sub-delegated the safekeeping of assets in certain markets in which the Scheme may invest to various sub-delegates (the "Sub-Custodians").

## **Terms of Appointment**

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

The key duties of the Depositary in relation to the Fund consist of:

- (a) safekeeping of the Scheme Property and verification of assets which are not Financial Instruments;
- (b) cash monitoring and verifying the Fund's cash flows;
- (c) ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of Shares are carried out in accordance with the Instrument and applicable law, rules and regulations;
- (d) ensuring that in transactions involving Scheme Property any consideration is remitted to the Fund within the usual time limits;
- (e) ensuring that the Fund's income is applied in accordance with the Instrument, applicable law, rules and regulations; and
- (f) carrying out instructions from the ACD unless they conflict with the Instrument or applicable law, rules and regulations.

The Depositary Agreement may be terminated by not less than six months' prior written notice provided that no such notice will take effect until the appointment of a successor to the Depositary.

To the extent permitted by the COLL Sourcebook, the Fund will indemnify the Depositary (or its associates) against costs, charges, losses and liabilities incurred by it (or its associates) in the proper execution, or in the purported proper execution, or exercise (reasonably and in good faith) of the Depositary's duties, powers, authorities and discretions, except in the case of any liability for a failure to exercise due care and diligence in the discharge of its functions.

The Depositary is remunerated from the Fund Management Fee, as set out below. The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Fund or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings of Shares of the Fund, any transaction in Scheme Property or the supply of services to the Fund.

## **Conflicts of interest**

For the purposes of this section, the following definitions shall apply:

"Link" means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

“Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.

The following conflicts of interests may arise between the Depositary, the Fund and the ACD:

A Group Link where the ACD has delegated certain administrative functions, including but not limited to Transfer Agency and Fund Accounting, to The Bank of New York Mellon (International) Limited or another entity within the same corporate group as the Depositary.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Fund and its shareholders.

To the extent that a Link exists between the Depositary and any shareholders in the Fund, the Depositary shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with Article 23 of the UCITS V Regulations as applicable.

### **Depositary Conflicts of interest**

The Depositary or any BNY Mellon Affiliates may have an interest, relationship or arrangement that is in conflict with or otherwise material in relation to the services it provides to the ACD and the Fund. Conflicts of interest may also arise between the Depositary’s different clients.

As a global financial services provider, one of the Depositary’s fundamental obligations is to manage conflicts of interest fairly and transparently. As a regulated business, the Depositary is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients.

The Depositary is required to and does maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

The Depositary maintains an EMEA Conflicts of Interest Policy (the “Conflicts Policy”). The Conflicts Policy (in conjunction with associated policies):

- (a) identifies the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;
- (b) specifies the procedures or measures which should be followed or adopted by the Depositary in order to prevent or manage and report those conflicts of interest;
- (c) sets out effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- (d) includes procedures to ensure the separate supervision of persons whose principal functions involve carrying out activities with or for clients and whose interests may conflict, or who otherwise represent different interests that may conflict, including with the interests of the Depositary;

(e) includes procedures to remove any direct link between the remuneration of individuals principally engaged in one activity and the remuneration of, or revenues generated by, different individuals principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

(f) specifies measures to prevent or limit any person from exercising inappropriate influence over the way in which an individual carries out investment or ancillary services or activities; and

(g) sets out measures to prevent or control the simultaneous or sequential involvement of an individual in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

The Conflicts Policy clarifies that disclosure of conflicts of interest to clients is a measure of last resort to be used by the Depositary to address its regulatory obligations only where the organisational and administrative arrangements established by the relevant firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of clients will be prevented.

The Depositary must assess and periodically review the Conflicts Policy at least once per annum and take all appropriate measures to address any deficiencies.

The Depositary undertakes that it shall make available to its competent authorities, on request, all information which it has obtained while performing its Services and which may be required by the competent authorities of the Fund.

#### *Delegation*

The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined above:

A Group Link where the Depositary has delegated, or where any Global Sub-Custodian has sub-delegated, the safekeeping of the Scheme Property to an entity within the same corporate group.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Fund and its shareholders.

The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

Up-to-date information stated above with regards to the Depositary will be made available to unitholders on request.



## 2.4 **Investment Adviser**

The ACD appointed Close Asset Management Limited as investment adviser to the Fund. The Investment Adviser is part of the same group of companies as the ACD.

The Investment Adviser's place of business is at 10 Crown Place, London EC2A 4FT. The Investment Adviser is authorised and regulated by the Financial Conduct Authority. The Investment Adviser assists the ACD in the performance of its various investment management functions and provides investment advice to the ACD. Its primary principal business is the activity of providing portfolio investment management and advisory services.

Under the agreement between the Investment Adviser and the ACD, the ACD delegates to the Investment Adviser its discretionary investment management powers to invest the property of the Fund with power to buy, sell or otherwise deal with the property of the Fund in its complete discretion subject to the investment objective and policy of the Fund, the terms of the Instrument and this Prospectus, and any other guidelines given to the Investment Adviser by the ACD.

The agreement may be terminated by six months' notice in writing by either party and immediately in certain circumstances (for example where a party to the agreement becomes insolvent or ceases to be authorised under the Act) by either party. In addition the ACD can terminate the arrangement with immediate effect when this is in the best interest of Shareholders.

## 2.5 **Administrator and Registrar**

The ACD has appointed The Bank of New York Mellon (International) Limited to act as administrator ("Administrator") and registrar ("Registrar") to the Fund. The Administrator operates from Capital House, Festival Square, Edinburgh EH3 9SU at which address the register of Shareholders and any plan sub-registers may be inspected.

Under the terms of the Agreement between the ACD and the Administrator, the ACD is responsible for the remuneration of the Administrator but the Fund will bear the out of pocket expenses which the Administrator may incur in the discharge of its duties. The Agreement between the ACD and the Administrator may be terminated by either party on not less than twelve months' notice to the other party, and forthwith in certain circumstances.

## 2.6 **The Auditor**

The auditor of the Fund is Deloitte LLP. The ACD has entered into an engagement letter with the Auditor whereby the Auditor agrees to provide annual audit services to the Fund in accordance with Schedule 5 of the Open-ended Investment Companies Regulations 2001 and COLL, the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association, the Instrument and the Prospectus.

## 2.7 **Conflicts of Interest**

The ACD, the Investment Adviser and other companies within the Close Brothers group may, from time to time, act as investment managers or advisers to other trusts, funds or

sub-funds that follow similar investment objectives to those of the Fund. It is therefore possible that the ACD and/or the Investment Adviser 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 ACD. Each of the ACD and the Investment Adviser will, however, have regard in such event to its obligations under the Instrument and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Fund so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Adviser will ensure that the Fund and other collective investment schemes it manages are fairly treated.

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

Furthermore, the ACD, as the sole director of the Fund, may be party to, or interested in, any contract or arrangement or transaction to which the Fund is a party, or in which the Fund is in any way interested, and may hold and be remunerated in respect of any office or place of profit (other than the office of auditor or depositary of the Fund) under the Fund or any other company in which the Fund is in any way interested and may retain for its own absolute use and benefit all profits and advantages accruing to it thereunder or in consequence thereof. Any such interest will be properly recorded and minuted by the ACD as soon as practicable after it becomes so interested. The board of directors of the ACD comprises persons employed by the ACD or its associates. The ACD is however subject to fiduciary obligations as a director to ensure that at all times it acts in the best interests of the Fund as a whole.

The following conflicts of interests may arise between the Depositary, the Scheme and the ACD:

Where the ACD has delegated certain administrative functions including, but not limited, to administration and registration to The Bank of New York Mellon (International) Limited or another entity within the same corporate group as the Depositary.

Where the Depositary has delegated, or where any Global Sub-Custodian has sub-delegated, the safekeeping of the Scheme Property to an entity within the same corporate group.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Scheme and its shareholders.

The Depositary may, from time to time, act as the trustee of authorised unit trusts or depositary of other open-ended investment companies with variable capital or custodian of other collective investment schemes.

### **3. Risk Factors**

Potential investors should consider the following risk factors which may apply to the Fund before investing in Shares in the Fund.

The ACD will, at the request of a Shareholder, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of the Fund, the methods used in this connection, and any recent development of the risk yields of the main categories of investment of the Fund.

#### **3.1 Market risk**

Investors are reminded that notwithstanding the investment objective of the Fund, the price of Shares in the Fund, and the income from them, may go down as well as up and is not guaranteed. Investment in the Fund should be regarded as a long term investment and Shareholders should therefore not invest money in Shares in the Fund that they may require in the short term.

#### **3.2 Effect of the Preliminary Charge**

Where a preliminary charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. The Shares therefore should be viewed as medium to long term investments.

#### **3.3 Long term investment**

The Fund is intended as a long term investment. Investors must be willing to accept some risk to their capital. No return is guaranteed. Investors should not invest money in the Fund that they may require in the short term.

#### **3.4 Preliminary charges**

If a Shareholder sell their Shares after a short period, the amount received back (even if the value of the relevant investments has not fallen) may be less than originally invested due to the deduction of a preliminary charge at the time of investment.

#### **3.5 Dilution adjustment**

The Fund may also experience a reduction in value as a result of the costs incurred in the purchase and sale of its underlying investments and the spread between buying and selling prices of such investments. Accordingly, the ACD may apply a dilution adjustment on the issue and/or redemption of Shares. Where a dilution adjustment is not applied, the Fund in question may incur dilution which may constrain capital growth.

The dilution adjustment is calculated using the estimated dealing costs of a Fund's underlying investments and taking into consideration any dealing spreads, commissions and transfer taxes. The need to make a dilution adjustment will depend on:

- (a) If the Fund is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- (b) If the Fund is experiencing large levels of redemptions (i.e. redemptions less purchases) relative to its size;
- (c) For these purposes, a large deal is typically defined as a purchase or a redemption in excess of 1% or more of the Fund's total Net Asset Value, determined by reference to a Fund's share price calculated on the previous Dealing Day, then the ACD will normally make a dilution adjustment;
- (d) In any other case where the ACD is of the opinion that the interest of the existing/continuing Shareholders and potential Shareholders require the imposition of a dilution adjustment.

### 3.6 **Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of Dealings" in section 5.12).

### 3.7 **Smaller companies**

Small companies may be subject to certain specific risks not normally associated with larger, more mature companies. These risks relate mainly to their geographical diversification and greater sensitivity to economic conditions. Companies traded on AIM or PLUS are by their nature smaller companies and there is a less liquid market in their securities than may be the case for companies listed on the Official List of the UK Listing Authority.

The securities of smaller companies may be subject to greater fluctuations in value than securities of larger companies and the market for the securities of UK smaller companies may be less liquid than for securities of larger companies, which may reduce the opportunity of the Fund to dispose of investments at the optimum time.

### 3.8 **Counterparty and credit risk**

This is the risk of suffering loss due to another party not meeting its financial obligations. One source of this risk for the Fund is where counterparties to any trade fail to meet their transaction commitments. The Fund only buys and sells investments with brokers which have been approved by the ACD or the Investment Adviser as an acceptable counterparty. In addition, limits are set on the maximum exposure to any individual broker that may exist at any time, and these limits are reviewed regularly. It is possible for a problem to arise both on exchange traded and over the counter transactions.

In addition, if any of the issuers of the securities held within the Fund become less financially secure, this could reduce the value of the security and hence the value of Shares in the Fund.

If the Fund's cash is deposited with any financial institution which becomes insolvent or suffers other financial difficulties, the full deposit may not be returned. This would mean that Shareholders may not get back the full value of their investment. The Fund is not currently eligible to claim under the UK's Financial Services Compensation Fund for monies on deposit with defaulting deposit takers.

### 3.9 **Currency fluctuation**

Where the Fund invests outside of the United Kingdom, it may have to pay for assets and other expenses and receive income and sales proceeds in currency denominations other than sterling. A movement of exchange rates may have a separate unfavourable or favourable effect on the gain or loss otherwise experienced on the investment. Changes in the rates of exchange between currencies may cause the value of the underlying investment and the net asset value of the Fund to fluctuate. The possible impact of this exchange rate risk will be assessed, as will the costs associated with managing it. The ACD may decide to hedge their exposure to foreign currencies in its absolute discretion.

### 3.10 **Interest rate risk**

This is the risk of changes (negative as well as positive) in the value of investments as a result of fluctuations in interest rates. For example, a reduction in interest rates will mean that the Fund receives less credit interest on cash placed on deposit. Alternatively, an increase in interest rates means that the Fund will be charged higher debit interest on any overdrawn accounts.

### 3.11 **Valuation risk**

By investing in the Fund, Shareholders gain exposure to the return from the underlying investments of the Fund. With a view to achieving fair Share pricing, the value of Shares is calculated in sterling on a single mid-market pricing basis at 12:00pm London time on each Dealing Day. For certain Scheme Property, the ACD's best estimate of a fair and reasonable market value may prove to be incorrect. For other investments, use of a market price may prove to be generally appropriate. If there is a risk of divergence of Share prices from a fair value of the underlying assets, the ACD will monitor this and will seek to take appropriate action to minimise dilution to the Fund with a view to balancing the interests of incoming, outgoing and remaining investors.

### 3.12 **Liquidity risk**

This is the risk that the Fund may not have sufficient cash, or the ability to raise additional cash through the sale of underlying investments, in order to meet redemption requests. The Fund has limited temporary borrowing powers. The Fund holds cash and readily realisable securities. The ACD monitors the cash position and the level of redemption requests so as to minimise the liquidity risk which may arise. Furthermore, the underlying investments of the Fund may be subject to liquidity constraints, therefore affecting the ability of the Fund to realise the investments. This Fund has the power to invest in property

and commodities that would not be available to other funds. This, in turn, may affect the ability of the Fund to raise cash to meet requests for the redemption of Shares.

### 3.13 **Warrants**

A warrant is a security that entitles the holder to buy a certain number of shares at a specified price on a fixed date or dates during a specified period in the future. If the warrant is held beyond its expiry date, it will have no value. The value of warrants can go up and down much more quickly than the underlying assets in question.

### 3.14 **Structured products**

Typically, these are investment strategies based on derivatives whose underlying assets may be, but are not limited to, securities, options, indices, commodities, debt issuances and/or foreign currencies. Capital-at-risk investments, high-income investments or guaranteed stock market investments are all examples of structured products but structured products are not limited to these types. The return on structured products is not guaranteed and the level of return may depend on the level of the underlying assets.

### 3.15 **Derivatives**

**The Fund may use derivatives for investment purposes to meet its investment objective as well as for efficient portfolio management (including hedging). Such investment may increase the risk profile or volatility of the Fund. However, the ACD has adopted a risk management process which is designed to manage the risk the Fund may be subject to as a result of holding derivatives.**

Derivatives are investments which derive their value from the value of an underlying asset, reference rate or index, but the nature of the derivative may alter the nature of that exposure to the relevant underlying asset, reference rate or index. Therefore, derivatives involve risks different from, and in some cases greater than, more traditional investments. Derivative risk arises from uncertainty about future market movements. Transactions in over-the-counter ("OTC") contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Trading options entails the risk of the option's value changing over time. However, unlike traditional securities, the return from a derivative may vary non-linearly with the value of the underlying asset, reference rate or index.

There has been an international effort to increase the stability of the financial system in general, and the OTC Derivatives market in particular, in response to the recent financial crisis. The leaders of the G20 agreed that all standardised OTC Derivatives should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties, that OTC Derivatives should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

Steps are also being taken to regulate OTC Derivatives in Europe. European Union Regulation No 648/2012 on OTC Derivatives (or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable), central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "EMIR"),

which came into force on 16 August 2012, introduces uniform requirements in respect of OTC Derivatives contracts by requiring certain “eligible” OTC Derivatives to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC Derivatives to trade repositories. In addition, EMIR imposes risk mitigation requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty and credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These risk mitigation requirements are expected to include the exchange and segregation of collateral by the parties.

While many of the obligations under EMIR have already come into force, a number of the requirements have not yet come into force or are subject to phase-in periods. Certain key issues have not been finalised by the date of this Prospectus. It is therefore not yet fully clear how the OTC Derivative market will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR on the Fund which may include an increase in the overall costs of entering into and maintaining OTC Derivatives. The Fund will monitor the position although prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect the Funds’ ability to adhere to its investment approach and achieve its investment objective.

The FCA Rules permit the ACD to use certain techniques when investing in derivatives in order to manage the Fund’s exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to OTC Derivatives; for example the Fund may take collateral from counterparties with whom it has an OTC derivative position and use that collateral to net off against the exposure it has to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

The FCA Rules also permit the Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

If the counterparty in relation to an OTC derivative became insolvent or is unable to meet its obligations under the OTC derivative, then the Fund would be likely to suffer a loss which may have a significant impact on the investment performance of the Fund.

### 3.16 **Efficient portfolio management (EPM) techniques**

The Fund may make use of EPM techniques (including securities lending and reverse repurchase transactions) to reduce risk and/or costs in the Fund and to produce additional capital or income in the Fund in a manner which is economically appropriate and with an acceptable level of risk. Techniques used by the Fund may include using derivatives for hedging against price or currency fluctuations, engaging in securities lending and reverse repurchase transactions. Further details on efficient portfolio management and securities lending can be found in Appendix 2.

It is not intended that using derivatives for EPM will increase the volatility of the Fund and indeed EPM is intended to reduce volatility. In adverse situations, however, the use of EPM techniques may be ineffective and the Fund may suffer losses as a result. The Fund’s ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

EPM techniques may involve the Fund entering into derivative transactions or securities lending transactions with a counterparty where there may be a risk that a counterparty will wholly or partially fail to honour its contractual obligations. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund. The counterparty will forfeit its collateral if it defaults on the transaction. However, in the event of counterparty default, if the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's liability to the Fund. This may result in losses for investors. To manage this risk, the ACD has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received. Please see below for further information on the collateral management policy.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

### 3.17 **Investment companies**

The Fund may invest in investment companies. These are public limited companies quoted on the London Stock Exchange. The price of their shares depends on supply and demand and may not reflect the value of the underlying assets. It may be higher ("at a premium") or lower ("at a discount"). The discount or premium will vary over time. In addition, investment companies are permitted to borrow money which can then be used to make further investments. In a rising market, this "gearing" can enhance returns to investors. However, if the market falls, losses may be significantly increased. Investment companies may also invest in hedge funds, structured products and quoted private equity funds as long as they are allowed to do so by the FCA Rules. These types of investments may carry the risks associated with derivative investments.

### 3.18 **Collective Investment Schemes**

The Fund may invest in other collective investment schemes ("second schemes") to the extent permitted under the COLL Sourcebook. Whilst these second schemes will invest in underlying assets which are subject to the risks described herein, there are also specific risks associated with investing in other collective investment schemes. These include the risk of a loss that could result from the insolvency, negligence or fraudulent action of the second scheme's custodian or sub-custodian. Loss could also arise as a result of the negligence, wilful default or fraud of the manager of the second scheme. In addition, loss may arise where the manager of the second scheme has taken substantial positions in one security or group of securities or sector or asset class which may make the second scheme more likely to be adversely impacted and its valuation fluctuate more markedly in the event of market influences affecting that security, group of securities, sector or asset class. Where the second scheme invests in a specific sector or asset class, the performance of the second scheme will be dependent on the performance of that specific sector or asset class rather than the wider financial market and therefore the second scheme is more likely to be adversely affected by market influences on that sector or asset class.

Certain collective investment schemes may be listed on Eligible Markets. The price of their shares depends on supply and demand and may not reflect the value of the underlying



assets. It may be higher (“at a premium”) or lower (“at a discount”). The discount or premium will vary over time.

Those second schemes in which the Fund invests which are open-ended may have restrictions on the number of shares that can be redeemed on a dealing day and there may be occasions when redemptions are suspended. The Fund may accordingly not be able to achieve the prevailing underlying net asset value when it wishes to realise an investment. In addition, the second scheme will bear its own operating costs. These are typically reflected in the share price and, depending on the value of funds under management of the second scheme, may have an adverse effect on the price.

Subject to COLL, the Fund may invest in unregulated collective investment schemes. Investment in unregulated collective investment schemes carries additional risk as these schemes may not be under the regulation of a competent regulatory authority, may use leverage techniques and may carry increased liquidity risk as units/shares in such schemes may not be readily realisable.

### 3.19 **Fixed Income Securities**

Debt securities are subject to both actual and perceived measures of creditworthiness. The amount of credit risk is measured by the issuer’s credit rating assigned by one or more independent credit rating agencies. This does not amount to a guarantee of the issuer’s creditworthiness but is a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater risk of default than more highly rated securities. Companies often issue securities ranked in order of seniority which, in the event of default, would be reflected in the priority in which investors might be paid back. The “downgrading” of a rated debt security by adverse publicity and investor perception, not necessarily based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market.

In addition, debt securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital.

### 3.20 **Non-investment grade debt may be highly leveraged and carry a greater risk of default.**

The Fund may be affected by changes in prevailing interest rates and credit quality considerations. Changes in market rates of interest may affect the Fund’s asset values as prices of fixed rate securities increase when interest rates decline, and decrease when interest rates rise. Prices of shorter-term securities tend to fluctuate less in response to interest rate changes than longer-term securities. An economic recession may adversely affect an issuer’s financial condition and the market value of its high yield debt securities. The issuer’s ability to service its debt obligations may be adversely affected by specific issuer developments or the issuer’s inability to meet projected business forecasts or unavailability of additional financing. In the event of bankruptcy of an issuer, the Fund may experience losses and incur costs. In addition, non-investment grade securities tend to be more volatile than higher rated fixed-income securities giving rise to adverse economic conditions which may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities.

The Fund's investments in equity or fixed income securities of companies or institutions in weak financial condition may include issuers with substantial capital needs or negative net worth, or issuers that are, have been or may become involved in bankruptcy or reorganisation proceedings.

### 3.21 **Delayed delivery transactions**

The Fund may purchase "To Be Announced" securities ("TBAs"). This refers to the common trading practice in the mortgage-backed securities market where a security is bought from a mortgage pool (Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase, the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. Purchasing a TBA involves potential loss if the value of the security to be purchased declines prior to the settlement date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts.

Whilst the Fund will normally enter into TBA commitments with the intention of acquiring securities, the Fund may also dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date) are held as cover for the transaction. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises gain or loss from the sale of the securities upon the share price established at the date the commitment was entered into.

### 3.22 **Concentration**

Although the Investment Adviser will seek to obtain diversification by investing in a range of assets in order to meet the Fund's investment objective, it is possible that at times the Fund may take substantial positions in one security or group of securities or sector or asset class which may make the Fund more likely to be adversely impacted in the event of external market influences affecting that security, group of securities, sector or asset class. This level of concentration may subject the investments of the Fund to more rapid changes in value that would be the case if its investments were more widely diversified. It may also have a corresponding effect on the Fund's liquidity.

### 3.23 **Investment outside the UK**

Generally accepted accounting, auditing and financial reporting practices in some countries may be significantly different from those in more developed countries such as the United Kingdom. Compared to these markets, some countries may have a low level of market regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on non-public information by certain categories of investors.

### 3.24 **Restrictions on foreign investment**

Some countries prohibit or impose substantial restrictions on investments by foreign investors by requiring governmental approval prior to investment by foreign investors, limit the amount of investment by foreign investors in a particular company, or limit the investment by foreign persons in a company to a specific class of securities only, which may have less advantageous terms than securities of the company available for purchase by nationals. Some countries may restrict investment opportunities in issuers or industries deemed important to national interests.

The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Fund. In some countries, the Fund may be required to invest through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may not occur on a timely basis giving rise to the possibility of the Fund being denied of certain rights e.g. rights to dividends, rights to be made aware of certain corporate actions. Further, the Fund may place purchase orders, but permissible allocation to foreign investors at the time of registration may have been filled, depriving the Fund of the ability to make its desired investment at the time.

Substantial limitations may exist in certain countries with respect to the Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. The Fund may be adversely affected by delays in, as well as by, the application to the Fund of any restriction on investments.

### 3.25 **Settlement risk**

Practices in relation to settlement of securities transactions in certain markets may involve higher risk than those in developed markets. The Fund may need to use brokers and counterparties less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if the Fund is unable to acquire or dispose of a security. The Fund is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with UK law and regulation.

### 3.26 **Delivery versus Payment Transactions**

The ACD may apply the Delivery versus Payment ("DvP") exemption, as set out in the FCA Rules governing the protection of client assets ("Client Asset Rules"). Usually, when the ACD receives investors' money in the course of settling transactions, the ACD is obliged to handle money received or held for the purposes of buying or selling securities and investments ("Client Money") in accordance with the Client Asset Rules, which amongst other provisions require the ACD to segregate Client Money from the assets of the Fund and the ACD. The DvP exemption provides for a one day window during which money held for the purposes of settling a transaction in Shares is not treated as Client Money. In the event that the ACD becomes insolvent or otherwise fails there is a risk of loss or delay in the return of any money held by the ACD which is not treated as Client Money. Money which is not treated as Client Money is not protected on the insolvency of the ACD.

The Depositary has a duty to ensure that it safeguards and administers the Scheme Property in compliance with the Client Asset Rules. The Depositary is not under a duty to comply with the FCA Rules on handling Client Money. Moreover, with respect to handling Scheme Property in the course of DvP transactions through a commercial settlement system ("CSS"), the Scheme Property may not be protected under the Client Asset Rules. In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any Scheme Property which consists of Client Money, client assets held in a CSS or any other client assets which the Depositary or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules.

### 3.27 **Sovereign Debt**

Certain developing countries are large debtors to commercial banks and foreign governments. Investment in debt obligations ("Sovereign Debt") issued or guaranteed by the governments of developing countries or their agencies and instrumentalities ("government entities") involve a higher degree of risk. The government entity that controls repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on a date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund and any political constraints of a government entity. Government entities may also be dependent on foreign governments, multilateral agencies or other third parties abroad to reduce principal and interest arrears on their debt. The commitment on the part of these governments, multilateral agencies and third parties to make such disbursements may be conditional on a government entity's implementation of economic reforms and/or economic performance and the timely service of the debtor's obligations. Failure to implement reforms, achieve levels of economic performance or repay principal or interest when due may result in the cancellation of commitments to lend funds to the government entity. This may further impair such debtor's ability or willingness to service the debt on a timely basis. Consequently, government entities may default on their Sovereign Debt. Holders of Sovereign Debt, such as the Fund, may be requested to participate in the rescheduling of debt and extend further loans to government entities. There are no bankruptcy proceedings for default of Sovereign Debt which would enable it to be recovered in whole or in part.

### 3.28 **Political and/or regulatory risks**

Political and/or regulatory risks such as international and national political developments, changes in government policies and developments in the laws, taxation regime and regulations of the country in which investment may be made, could all affect the ownership and the value of the investments.

The securities registration systems and reporting standards of some overseas countries may not be considered equivalent to those of more developed countries such as the United Kingdom or the United States of America. Certain financial information released from these countries may not be as accurate as equivalent information released from more developed countries. This could impair the ability of advisers to conduct due diligence of specific assets and the value of the property if good and marketable title cannot be obtained or registered.

In some overseas countries, compensation or restitution rights may be available to former owners of assets confiscated by government decree or law. This could result in the settlement of compensation which may affect the Fund's income or the value of the investments.

The economies of developing countries may differ from those of developed countries in such respects as growth of gross domestic product, rate of inflation, currency fluctuation, capital reinvestment, resource self-sufficiency and balance of payments position. The financial performance of the Fund may be adversely affected by general economic conditions and by conditions within overseas markets. In particular, changes in the rate of inflation and interest may affect the Fund's income and capital value or the value of an investment property.

### 3.29 **New share or debt issues**

The Fund may invest in initial public offerings ("IPOs") of shares or new bond issues. The price of securities involved in IPOs or bond issues are often subject to greater and more unpredictable price changes than securities that are already listed and traded in large volumes.

### 3.30 **Rights to cancel**

Investors only have cancellation rights if an investment has been made as a result of the Shareholder having taken independent advice from an authorised financial adviser. If a Shareholder has cancellation rights and exercises any right to cancel, the Shareholder may not get back the amount initially invested if the Share price has fallen since they invested.

### 3.31 **Miscellaneous**

The Fund is exposed to finance sector companies, as service provider or as counterparty to financial contracts, including derivatives. In recent times, liquidity in the financial markets has become severely restricted, causing a number of firms to withdraw from the market, or in some extreme cases, become insolvent. Severe market events of this nature could have an adverse effect on the activities of the Fund. The Investment Adviser will only deal with institutions of good standing although events beyond the Investment Adviser's control may result in certain institutions not meeting their contractual obligations to return property or money to the Fund.

### 3.32 **Tax position**

The tax position as stated in this document is believed to be accurate as at the date of this Prospectus. It may be subject to change in the future.

**The tax treatment applicable to a Shareholder will depend upon the Shareholder's individual circumstances, and may change over time.** Shareholders should consult their own tax advisors regarding the tax implications of their investment in the Fund.

### 3.33 **Inflation**

Bonds, other than index linked bonds, are adversely affected by inflation. Inflation erodes the capital value of bonds and may negatively impact bond prices.

3.34 **Alternative assets**

Alternative assets such as commodities and precious metals and funds of alternative investments can pose higher risks than traditional investments such as equities and fixed income.

3.35 **Sustainability strategy**

The Fund is subject to a screening criteria applied by the Investment Adviser which means that it may be unable to invest in certain sectors, companies and investments that conflict with the Manager's sustainability policy (the "Sustainability Policy"), as set out in the Investment Policy section of the Fund, which can be found on pages 53-55 below. This investment strategy may result in the Fund having a narrower range of eligible investments, which may in turn affect the Funds' performance.

Where an investment held in a Fund is identified as no longer being in accordance with the Sustainability Policy, the Investment Adviser will seek to sell the investment as soon as reasonably possible, normally within 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.

## **4. Characteristics of Shares**

### **4.1 Share Classes**

The Fund may issue a number of Share Classes in respect of the Fund. Different charging structures, minimum investment levels and eligibility provisions apply to each Share Class. The Fund may issue income and/or accumulation Shares.

The Instrument provides that the ACD may determine the Share Classes to be issued from time to time and facilitates the issue of Share Classes with a wide variety of features. The terms for the Share Classes which are currently available in the Fund from time to time are as set out in this Prospectus.

Currently only accumulation shares are available. Full details of the Shares which are in issue are set out in Appendix 1.

Note, as mentioned above, the ACD may resolve to create further Share Classes in the future in respect of the Fund. As and when the further Share Classes are added, this Prospectus will be updated accordingly.

The Fund does not currently offer income shares but may do so in the future. The Shares in the Fund are not listed or dealt in on any investment exchange.

### **4.2 Interests of Shareholders**

Shareholders are not liable for the debts of the Fund. A Shareholder is not liable to make any further payment to the Fund after he has paid the purchase price of the Shares.

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

### **4.3 The Register**

Entitlement to Shares is conclusively evidenced by entries on the register of shareholders ("Register"). The Depositary and the ACD are not obliged to take notice of any trust or equity or other interest affecting the title to any of the Shares.

The ACD is responsible for maintaining the Register of the holders of Shares in the Fund and the number of Shares held by each such holder and has delegated this responsibility to The Bank of New York Mellon (International) Limited as Registrar.

The Register is available for inspection by any holder or their duly authorised agent, free of charge, between 9 am and 5 pm on any Business Day at Capital House, Festival Square, Edinburgh EH3 9SU (subject to the power to close the Register for such periods not exceeding 30 days in any one year). Copies of the entries on the register relating to a Shareholder are available on request by that Shareholder, free of charge.

#### 4.4 **Statements**

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



## **5. Dealings in Shares**

### **5.1 Issue and redemption of Shares**

Shares may be purchased and redeemed between 9 a.m. and 5 p.m. on each Dealing Day.

Applications to purchase or redeem Shares may be made in writing or by telephone call to the ACD's share dealing department as follows: Close Asset Management (UK) Limited, PO Box 367, Darlington DL1 9RG, telephone: 0370 606 6402, fax: 0870 2750015 or by electronic (electronic does not mean email) means on such terms as the ACD may specify, or by such other means as the ACD may from time to time permit. At present, transfer of title by electronic communication is not accepted.

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 12.8 below for further information.

### **5.2 Share prices**

The Shares will be priced on a forward basis, hence prices used will be those calculated by reference to the valuation commencing next after the receipt by the ACD of the Shareholder's application unless such an application is received less than 15 minutes before a Valuation Point, in which case such application may be deferred by the ACD to the following Valuation Point.

Calculation of Share prices will take place on each Dealing Day. Share prices will be available daily on the website of the ACD [www.closebrothersam.com](http://www.closebrothersam.com) or at [www.trustnet.com](http://www.trustnet.com). In addition, prices can be obtained by calling the ACD's help desk on 0370 606 6452. These prices will, unless for reasons beyond the control of the ACD, relate to the valuation on the Dealing Day immediately prior to the day of publication. Application forms can be obtained if required from the ACD. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 12.8 below for further information.

### **5.3 Minimum holdings**

The minimum amounts of any initial or subsequent purchase request (including any preliminary charge) and of any redemption request are set out in Appendix 1 for each Share Class. Also, a Shareholder will not normally be allowed to redeem Shares if this would result in his holding Shares in that Class of less than the minimum holding amount set out in Appendix 1 for each Share Class, unless he is redeeming all the Shares held by him.

Where a person is a participator in a monthly savings scheme operated by the ACD, the minimum value of Shares which may be purchased each month is set out in Appendix 1.

The ACD may waive the requirements set out in this paragraph at its discretion.

#### 5.4 **Application to buy Shares**

Application forms can be obtained if required from the ACD. Applications to purchase Shares may be made in writing and by such other means as the ACD may from time to time permit.

In respect of all applications for the issue of Shares, a contract note will be sent, normally by the close of the Business Day following the execution of the transaction. This will show the number of Shares purchased and the price. As share certificates will not be issued in respect of the Fund, a renunciation form will also be sent with the applicant's contract note. Where appropriate, a notice of the applicant's right to cancel the deal will also be sent, under separate cover, within 8 days of the receipt by the ACD of the application for Shares. The application monies are due on receipt by the applicant of the contract note and in any event not later than the fourth Business Day following the date of which the Dealing in the Share took place. The ACD is not obliged to issue or procure the issue of Shares until it has received cleared funds from all on behalf of the applicants.

#### 5.5 **Regular Savings Plan**

A Regular Savings Plan is available for investors in A Shares (Retail Shares). Shares can be purchased monthly, the minimum value of Shares which may be the subject of any one single transaction is £100.

#### 5.6 **Request to redeem Shares**

Requests to redeem Shares may be made in writing or by such other means as the ACD may from time to time permit. In respect of all applications to redeem Shares, a contract note will be issued, normally by close of the following Business Day, giving details of the Shares sold back to the ACD and the price used. Cheques in satisfaction of the redemption request will be issued by the close of the fourth Business Day following either the day of the calculation of the redemption price or receipt by the ACD of a properly completed and signed Renunciation Form in respect of the appropriate number of Shares, whichever is later.

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

The ACD from time to time holds Shares in its own name to assist in the administration of the Fund. The ACD does not seek to make a profit from doing so.

The ACD is under no obligation to account to the Depositary or to the Shareholders for any profit which it makes on the issue of Shares or on the reissue or cancellation of Shares it has redeemed.

#### 5.7 **Delivery versus Payment ("DvP") Exemption**

The ACD may make use of the DvP exemption as set out in the FCA Rules, which provides for a one- day window during which money held for the purposes of settling a transaction in Shares is not treated as 'client money'. Specifically, under the DvP exemption, money received by the ACD from an investor, or money due to be paid to an investor by the ACD, need not be treated as client money if: (i) the ACD receives the money from an investor for the subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in the Fund within the timeframes set out in the FCA Rules; or (ii) the ACD

holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to an investor within the timeframes set out in the FCA Rules.

## 5.8 **Share Class Conversion**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder

may at any time convert all or some of his Shares of one Class ("the Original Shares") for Shares of another Class ("the New Shares") in the Fund. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

Telephone switching instructions may be given but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before the conversion is effected.

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

The ACD may compulsorily convert or switch Shares where to do so is considered by the ACD to be in the best interests of Shareholders. Shareholders will be given appropriate advance notice by the ACD should the ACD choose to carry out any such compulsory conversion.

## 5.9 **Anti-money laundering procedures**

The ACD does not currently permit dealings to be undertaken on the basis of instructions sent by electronic communication (for example, by email). If the ACD does in future permit dealings to be undertaken on the basis of electronic instructions, the ACD will establish conditions which must be satisfied to effect a transfer which will be designed to ensure that any such communication purporting to be from a Shareholder or his agent is in fact made by that person.

The ACD is subject to the provisions of legislation in force in the United Kingdom to prevent money laundering. The ACD operates detailed internal compliance procedures in relation to each and every application to purchase Shares in the Fund so as to verify the identity and bona fides of the investor and the source of funds offered in consideration of the prospective purchase. This may include the ACD using the services of a licensed reference agency which will record that an enquiry has been made. The type and degree of information required

will vary from case to case, and may depend on whether, for example, the prospective Shareholder has been introduced to the ACD by or through the agency of an associate of the ACD or an independent financial intermediary in good standing with the ACD. Specific details of the information required of a prospective investor in Shares will be provided to the person concerned in response to his or its application for Shares. Failure to comply with the ACD's requests to furnish such information may result in the application for Shares being rejected.

#### 5.10 **Cancellation**

An investor may be entitled to cancel an application to purchase Shares for a period of fourteen days from his receipt of the contract note and to request the return of his money. If the investor has a right to cancel and exercises that right, and if the value of the investment has fallen before the ACD receives notice of the cancellation, then the amount of refund that the investor receives will be reduced to reflect that fall in value. Such a deduction arising from a fall in the value in the investment will not be applied to the cancellation of the first instalment made into a regular savings scheme.

#### 5.11 **In specie issue and cancellation of Shares**

The Instrument authorises payment for the issue or cancellation of Shares to be made by transfer of assets other than cash but only if the Depositary has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

Where the application for issue of Shares is equivalent to 5% or more of the Net Asset Value of the Fund, the ACD may at its discretion, in consultation with the Depositary, accept assets other than cash as payment for the issue of Shares. 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 Shareholders of the Fund and subject to the investment restrictions of the Fund.

Where a Shareholder requests a redemption of Shares representing in value not less than 2% of the value of the Scheme Property of the Fund, the Shareholder may require the transfer to him of Scheme Property or the ACD may by notice of election served on the Shareholder, choose to transfer Scheme Property to him. The Fund property to be transferred will be selected by the ACD in consultation with the Depositary and with a view to achieving no more advantage or disadvantage to the Shareholder requesting redemption of his Shares than to continuing Shareholders. Any such notice must be served no later than the second Business Day following the receipt of the request for redemption. The Shareholder may then serve a further notice on the ACD requiring the sale of the property and the payment to the Shareholder of the net proceeds of sale. This further notice must be served on the ACD not later than the close of business on the fourth Business Day following the date of receipt of the notice from the ACD.

#### 5.12 **Suspension of dealings in Shares**

The issue or redemption of Shares may be suspended by the ACD with the prior agreement of the Depositary, and must be suspended by the ACD if the Depositary so requires, where, due to exceptional circumstances, it is in the interests of all Shareholders. On a suspension

the FCA will immediately be informed. Any such suspension will be notified to Shareholders as soon as practicable after the suspension commences and the ACD will ensure that it publishes sufficient details to keep Shareholders appropriately informed about the suspension including, if known, its likely duration. The ACD and the Depositary will formally review the suspension every 28 days and inform the FCA of the results of this review and any change in the information previously provided to the FCA regarding the suspension. A suspension of dealings in Shares must cease as soon as practicable after the exceptional circumstances which caused the suspension have ceased. At the end of the period of suspension, the recalculation of the price of Shares will recommence by reference to the price calculated at the first Valuation Point after the recommencement of dealings in Shares.

### 5.13 **Compulsory redemptions of Shares**

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

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Fund incurring any liability to taxation which the Fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;
- (d) are owned by a Shareholder 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 ACD, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach);

or if the ACD is not satisfied that any Shares may not give rise to a situation discussed in (a), (b), (c), or (d), the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial

owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

This may include a situation where a Shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in (a), (b), (c), or (d) above.

It is not possible for the ACD to be fully informed of current law and regulations in every jurisdiction and accordingly in the interests of Shareholders and to be able to ensure no Shares are held or acquired by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Fund incurring any liability to taxation which the Fund is not able to recoup itself or suffering any other adverse consequence. The ACD's policy will be to treat Shares of Shareholders moving to jurisdictions other than EEA States as affected Shares and may refuse to issue Shares to anyone resident outside of one of the jurisdictions.

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

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

If in the ACD's view any Shareholder acts in an abusive manner towards any employee of the ACD or its appointed agents, the ACD and its agents will only deal with that Shareholder in writing. If the Shareholder persists with abusive behaviour, the ACD reserves the right to compulsorily redeem the Shareholder's holding.

#### 5.14 **Transfers**

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

#### 5.15 **Dealing charges**

##### 5.15.1 *Preliminary charge*

The ACD may currently make a preliminary charge on a sale of Shares in the Fund, which is additional to the offer price of Shares. The charge may be waived in whole or in part at the discretion of the ACD. The preliminary charge for each Share Class is set out in Appendix 1.

#### 5.15.2 *Redemption charge*

The ACD may make a charge on cancellation or redemption of Shares of a percentage of the redemption or cancellation price of a Share. The ACD does not currently make such a charge, but may do so in the future.

#### 5.15.3 *Switching Charge*

The ACD is entitled to make a charge (the "Switching Fee") in respect of a switch of Shares. Currently however, the ACD does not operate a Switching Fee.

## **6. Valuation and pricing of Shares**

### **6.1 Valuation**

The property of the Fund will be valued for the purpose of determining prices at which Shares may be purchased or redeemed by the ACD at 12:00pm London time on every Dealing Day (the "Valuation Point") and may be valued more frequently if the ACD so decides, with the agreement of the Depositary.

The property of the Fund is valued on the following basis in accordance with the Fund's Instrument. All the Scheme Property (including receivables) of the Fund is to be included, subject to the following provisions.

Property which is not cash (or other asset dealt with 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:

- units or shares in a collective investment scheme –
  - if a single price for buying and selling units is quoted, at the most recent quoted price; or
  - if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto where possible, failing that units or shares in a collective investment scheme for which different buying and selling prices are quoted shall be valued at the mid market price of the bid and offer prices; or
  - if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD is fair and reasonable (see below);
- exchange-traded derivative contracts:
  - if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - if separate buying and selling prices are quoted, at the average of the two prices.
- over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary.
- any other investment:
  - if a single price for buying and selling the security is quoted at that price; or



- if separate buying and selling prices are quoted, the average of those two prices; or
- if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD is fair and reasonable (see below);
- property other than that described above at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

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

In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the Regulations or the Instrument shall be assumed (unless the contrary has been shown) to have been taken.

Subject to the two paragraphs 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 ACD, their omission will not materially affect the final net asset amount.

Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under the paragraph above.

All agreements are to be included under the second paragraph above which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

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 Fund; 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 ("VAT"), stamp duty and stamp duty reserve tax will be deducted.

An estimated amount for any liabilities payable out of the Scheme Property, and any tax thereon treating periodic items as accruing from day to day will be deducted.

The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings, will be deducted.

An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.

Any other credits or amounts due to be paid into the Scheme Property will be added.

A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.

The total amount of any cost relating to the authorisation and incorporation of the Fund and of its initial offer or issue of Shares will be added.

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 shareholders or potential shareholders.

The Fund is permitted to invest in immovable property directly in accordance with the Instrument however currently the Fund will only invest indirectly in immovable property primarily through investing in collective investment schemes and/or property companies which themselves invest directly in immovable property. In the event that the Prospectus is amended to permit the Fund to invest directly in immovable property, such immovable property will be valued in accordance with the following provisions:

- by a standing independent valuer (as defined in the glossary to the FCA Rules) appointed by the ACD with the approval of the Depositary, on the basis of an 'open market value' as defined in Practice Statement 3 in the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual (first edition published September 1995) as updated and amended from time to time;
- on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
- on the basis of the last full valuation, at least once a month

For the above purposes, instructions given to issue or cancel shares are assumed to have been carried out (and any cash paid or received); and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.

## 6.2 **Fair value pricing**

6.2.1 Where the ACD has reasonable grounds to believe that:

- 6.2.1.1 no reliable price exists for a security (including a share in a collective investment scheme) at a Valuation Point; or
- 6.2.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;
- 6.2.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

6.2.2 The circumstances which may give rise to a fair value price being used include:

- 6.2.2.1 no recent trade in the security concerned; or

- 6.2.2.2 suspension of dealings in the security concerned; or
  - 6.2.2.3 the occurrence of significant movements in the markets in which any underlying collective investment schemes are invested since the last valuation point; or
  - 6.2.2.4 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 6.2.3 In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to:
- 6.2.3.1 the type of authorised fund concerned;
  - 6.2.3.2 the securities involved;
  - 6.2.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
  - 6.2.3.4 the basis and reliability of the alternative price used; and
  - 6.2.3.5 the ACD's policy on the valuation of Fund Property as disclosed in this Prospectus.

### 6.3 **Price of a Share**

Shares are priced on a single mid-market pricing basis in accordance with the COLL Sourcebook and the Instrument. The Fund deals on a forward pricing basis (and not on the basis of published prices). As mentioned above, a forward price is a price calculated at the next Valuation Point after the deal is accepted by the ACD.

The price of a Share is the net asset value of the Fund attributable to the relevant Share Class divided by the number of Shares in that Class in issue.

### 6.4 **Dilution adjustment**

The basis on which the Fund's investments are valued for the purpose of calculating the buying and selling price of Shares as stipulated in the FCA Rules and the Instrument is summarised in the section immediately above. This is subject to the application of the dilution policy.

Dealing costs in, and spreads between, the buying and selling prices of the Fund's underlying investments mean that the buying and selling prices of Shares calculated for the Fund may differ from the value of the proportionate interests those Shares represent in the Fund and dealing at those prices could lead to a reduction in the value of the Scheme Property of the Fund and so disadvantage other Shareholders. The effect of this is known as "dilution".

In order to mitigate the effect of dilution the COLL Sourcebook allows the ACD to adjust the sale and purchase price of Shares in the Fund to take into account the possible effects of dilution. This price movement is known as making a "dilution adjustment" or operating

“single swinging pricing”. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Fund. The dilution adjustment is not applied for the benefit of the ACD.

The dilution adjustment is calculated using the estimated dealing costs of the Fund’s underlying investments and taking into consideration any dealing spreads, commissions and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed. The ACD’s current policy is that where this difference is more than 1% of the Fund’s total Net Asset Value, determined by reference to the Fund’s Share price calculated on the previous Dealing Day, then the ACD will normally make a dilution adjustment.

Where the Fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of Shares above their mid-market value. Where the Fund is experiencing net redemptions of its Shares the dilution adjustment would decrease the price of Shares to below their mid-market value. In the event that a dilution adjustment is made it will be applied to all transactions in the Fund on the relevant Dealing Day and all transactions on that day will be dealt at a price inclusive of the dilution adjustment.

The ACD reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so.

The ACD’s decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied if the Fund is experiencing net purchases or net sales of Shares there may be an adverse impact on the assets of the Fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share.

The dilution adjustment will be applied to the mid-price for the Shares resulting in a figure calculated to four significant figures. The price of each Class of Share in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically.

As dilution is directly related to the inflows and outflows of monies from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment. The estimated rate of a dilution adjustment is expected not to exceed 3% of the value of the Scheme Property in the Fund.

This Prospectus will, in due course, contain further statements, based either on historical data or future projections, of the estimated rate or amount of any dilution adjustment, and the likelihood of that the ACD requiring a dilution adjustment.

## **7. Remuneration and expenses**

### **7.1 General**

All fees or expenses payable out of the Scheme Property are set out in this section 7.

### **7.2 Fund Management Fee**

The ACD is entitled to be paid a fee from the Scheme Property for its services in managing the Fund.

This fee is a fixed rate fee, paid to the ACD, and is inclusive of all of the fees and expenses identified below which are incurred in relation to the operation and administration of the Fund. The fee will be a single charge that is deducted from the Scheme Property of the Fund, namely the Fund Management Fee (the "FMF").

The FMF for each Share Class is set out in Appendix 1 is comprised of the following:

- 7.2.1 all fees, expenses and disbursements payable to each of the service providers appointed to the Fund from time to time (for example, the Depositary, the Custodian, the Investment Adviser, the Administrator and the Registrar) and each of the legal or other professional advisers (for example, the Auditor);
- 7.2.2 all of the costs, charges, fees and expenses payable in relation to the operation and management of the Fund which may be taken from Scheme Property in accordance with the FCA Rules, excluding those set out in section 7.5 below. These permitted costs, charges, fees and expenses are:
  - 7.2.2.1 any costs incurred in amending the Instrument and the Prospectus including the removal of obsolete provisions where the modification is:-
    - (a) necessary to implement any change in the law (including changes to the regulations); or
    - (b) necessary as a direct consequence of any change in the law (including changes to the Regulations); or
    - (c) expedient having regard to any fiscal enactment and which the ACD and the Depositary agree is in the interest of Shareholders; or
    - (d) to remove obsolete provisions from the Instrument and the Prospectus constituting the Fund;
  - 7.2.2.2 any costs incurred in respect of any other meeting of Shareholders convened on a requisition by holders not including the ACD or an associate of the ACD and expenses of the Depositary in convening a meeting of Shareholders convened by the Depositary alone;

- 7.2.2.3 any costs incurred in relation to a scheme of arrangement where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Fund in consideration of the issue of Shares in the Fund to Shareholders in that body corporate or to participants in that other scheme; and any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
- 7.2.2.4 payments, costs or any other administrative expenses in relation to the preparation of the Prospectus and the key investor information document and dissemination of the Prospectus or equivalent documentation (either in respect of the Fund);
- 7.2.2.5 any costs of printing and distributing annual, half yearly and quarterly reports and any other reports or information provided for Shareholders;
- 7.2.2.6 any costs of listing the prices of the Shares in publications and information services selected by the ACD, including the Financial Times;
- 7.2.2.7 any costs of establishing and obtaining authorisation of the Fund, including the fees and proper expenses of any professional advisers retained by the Fund or the ACD;
- 7.2.2.8 any sum due by virtue of any provision of the Regulations, such as cancellation proceeds and reasonable stock lending expenses;
- 7.2.2.9 the costs of preparing documentation required by the regulations of any country or territory in which Shares of the Fund are to be marketed or authorised;
- 7.2.2.10 any costs incurred in producing and despatching any payment made by the Fund;
- 7.2.2.11 any costs incurred in taking out and maintaining an insurance policy in relation to the Fund;
- 7.2.2.12 the periodic fees of the FCA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Fund are or may be marketed;
- 7.2.2.13 the cost of any licences required, to enable the Fund to use, or quote, names which would normally be under copyright, in any country or territory, including the United Kingdom;
- 7.2.2.14 any costs or fees arising in connection with pursuing or defending litigation on behalf of the Fund;

- 7.2.2.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Fund;
  - 7.2.2.16 any costs associated with: the admission of shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the shares and the periodic renewal of that listing); any offer of shares, including the preparation and printing of any prospectus and the creation, conversion and cancellation of shares associated with such prospectus;
  - 7.2.2.17 any expense incurred with respect to the publication and circulation of details of the Net Asset Value of the Fund;
  - 7.2.2.18 any amount payable to the Fund under any indemnity provisions provided for in the Instrument or any agreement to which the Fund is party;
  - 7.2.2.19 the fees and expenses of the ACD in relation to dealing in shares of the Fund by new and existing shareholders;
  - 7.2.2.20 VAT in respect of any of the costs, expenses, fees and charges payable by the Fund; and
  - 7.2.2.21 any other charges/expenses that may be taken out of the Fund's property in accordance with the Regulations.
- 7.2.3 VAT payable on any of the fees, expenses or disbursements listed above in paragraphs 7.2.1 and 7.2.2.

### 7.3 **Calculation and operation of the Fund Management Fee**

The FMF is calculated as a percentage of the Scheme Property and the amount each Share Class will pay will depend on the costs, fees and expenses attributable to each Share Class. The FMF accrues on a daily basis by reference to the value of the Scheme Property on the immediately preceding Dealing Day and is payable to the ACD monthly.

The current FMF in relation to each Share Class is set out in Appendix 1.

The FMF is either taken from the income or capital of the relevant Share Class as indicated in paragraph 7.6.

### 7.4 **Changes to the Fund Management Fee**

In deducting the FMF at a fixed rate, the ACD is taking upon itself the risk that the market value of the Fund will fall to the extent that the FMF will not fully recompense it for the charges and expenses that the ACD would otherwise be entitled to charge to the Fund. Conversely, the ACD is not accountable to Shareholders should the aggregate fees

generated by the FMF in any period exceed the charges and expenses that the ACD would be entitled to charge under the traditional charging method.

However, the ACD will monitor the amount of the FMF on a regular basis. Where the underlying fees and expenses that make up the FMF reduce or increase, the ACD may carry out a review where it reasonably considers this to be appropriate. When carrying out such reviews, the ACD reserves the right to increase or decrease the FMF.

In the event of any changes to the FMF (including an increase or decrease) the ACD will notify investors in writing in accordance with the FCA's COLL Sourcebook requirements. For example:

- 7.4.1 before increasing the FMF, the ACD will give Shareholders at least 60 days' prior notice in writing;
- 7.4.2 before introducing a new category of costs, charges, fees or expenses to the FMF and which are not currently charged to the Funds, the ACD will seek the approval of an extraordinary resolution of Shareholders at an Extraordinary General Meeting; and
- 7.4.3 before decreasing the FMF, the ACD will give a reasonable period of notice utilising an appropriate method of communication as specified in the FCA Rules, such as notice on the ACD's website and in the next Report and Accounts of the Fund.

## 7.5 **Other payments from Scheme Property**

In addition to the FMF, and in accordance with the FCA Rules, the following payments will be made out of the Scheme Property:

- 7.5.1 fees payable to brokers for the execution of trades and any other expenses, including fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds (ie acquiring and disposing of investments);
- 7.5.2 interest on borrowings permitted under the COLL Sourcebook and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.5.3 taxation and duties payable in respect of the property of the Fund, the Instrument or the issue of Units;
- 7.5.4 expenses incurred in acquiring and disposing of investments;
- 7.5.5 any value added or similar tax relating to any charge or expense set out above

## 7.6 **Allocation of payments to income or capital**

Expenses are charged initially against the income account of the Close Select Global Equity Fund at the discretion of the ACD and thereafter any remaining expenses are charged against the capital account of the Fund, subject to any restrictions set out in the Instrument, the Prospectus and to the Regulations. The payment of charges out of the capital property of the Fund may result in erosion of, or may constrain the growth of, that capital.



## 7.7 **Fees for In-House Funds**

Where the Fund invests in a collective investment scheme which is managed by the ACD or an affiliate of the ACD ("In-House Fund"), the ACD shall procure that the manager of the underlying collective investment scheme will not charge (a) a preliminary fee in respect of a subscription by the Fund; or (b) a redemption fee in respect of a redemption by the Fund, in relation to an investment by the Fund in that underlying collective investment scheme. Further, the maximum management fees (excluding performance fees) levied within the Fund in relation to investment in collective investment schemes (including In-House Funds) by the Fund shall not exceed an amount equivalent to 5.0% per annum of its Net Asset Value. The actual amount of such fees charged to the Fund in respect of its investments in collective investment schemes (including In-House Funds) may vary based on the asset allocation between such collective investment schemes and the actual management fees levied by those collective investment schemes.

## 7.8 **The Ongoing Charges Figure ("OCF")**

The OCF is the European standard method of disclosing the charges of a Unit Class of a Fund based on last year's expenses and it may vary from year to year. It provides investors with a clearer picture of the total annual costs in running a collective investment scheme. It includes charges such as the Fund's annual management charge, custody fees and administration costs but ordinarily excludes the costs of buying or selling assets for the Fund (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)).

## **8. Income**

### **8.1 Accounting and income allocation dates**

The annual and interim accounting dates and the annual and interim income allocation dates are set out in Appendix 1.

### **8.2 Income allocations**

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

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

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

Income allocated shall be distributed within four months of the end of the relevant annual accounting period or within two months of the relevant half-yearly accounting period. Shareholders should be aware that, should any income distribution be unclaimed for a period of six years after it has become due, it will be forfeited and returned to the Fund for the benefit of the Fund.

### **8.3 Equalisation**

Grouping for equalisation is permitted. This means that Shares purchased during an accounting period will contain in their purchase price an amount called equalisation that represents a proportion of the net income of the Fund accrued up to the date of purchase. A total of this amount is taken and each Shareholder shall be refunded an averaged proportion of the equalisation as part of their first income allocation. This, for tax purposes, is treated as being a return of capital. There shall be two grouping periods in each year: the period commencing immediately after the accounting reference date of the previous accounting year and ending on the interim accounting reference date; and the period commencing immediately after the interim accounting reference date and ending on the accounting reference date.

## **9. Shareholder meetings and information for Shareholders**

### **9.1 Shareholder meetings**

Annual general meetings are not held but extraordinary general meetings may be convened from time to time.

Certain changes to this Prospectus or the Instrument (for example, material changes to the investment objective and/or policy) require the prior approval of Shareholders, in accordance with the FCA Rules. Any changes to the investment objective and/or policy which are not material may be made by the ACD following prior written notice to Shareholders. When the prior approval of Shareholders or pre-notification is not required by the FCA Rules, the ACD may make changes to the Prospectus without the approval of Shareholders.

The provisions below apply, unless the context otherwise requires, to meetings of a Class of Shares as they do to general meetings of the Fund but by reference to Shares of the Class concerned and the Shareholders and prices of such Class.

The convening and conduct of meetings of Shareholders and the voting rights of Shareholders at those meetings is governed by the provisions of the FCA Rules and the Instrument.

A meeting of all Shareholders in the Fund or a Class may be convened at any time. The ACD or the Depositary may convene a meeting at any time.

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

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

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

A Shareholder may vote in person or by proxy on a poll vote. A poll may be demanded by the chairman of the meeting (who shall be a person appointed by the Depositary, or in the absence of such a person, a person nominated by the Shareholders), the Depositary or any

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

Except where the COLL Sourcebook or the Instrument require an extraordinary resolution, resolutions will be passed by a simple majority.

Where every Shareholder is prohibited from voting at a meeting of Shareholders by reason of each such Shareholder being either the ACD or an associate of the ACD and a resolution is required to do business at a meeting of Shareholders, a meeting of Shareholders need not be called and a resolution may, with the prior written consent of the Depositary to the process, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares of the Fund or of the Class in question.

## 9.2 **Reports**

For this Fund the ACD will prepare and publish an annual report within four months of the end of each annual accounting period and an interim report within two months of the end of each half yearly accounting period. The ACD will also, on request, provide free of charge to any person eligible to invest in the Fund copies of the most recent interim and annual ACD's reports. They may also be inspected at the office of the ACD, 10 Crown Place, London EC2A 4FT.

## 9.3 **Instrument and Prospectus**

Copies of the Instrument, any amendment of such Instrument and the current Prospectus are kept at and may be inspected at the ACD's offices. Copies of the Instrument may be obtained by a Shareholder on payment of a reasonable charge from the ACD at 10 Crown Place, London EC2A 4FT. Copies of the Prospectus, Key Investor Information Document and the agreement appointing the ACD between the Fund and the ACD may be obtained free of charge by any person on request from the ACD at 10 Crown Place, London EC2A 4FT.

## 10. Taxation

**The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding or disposing of Shares under the laws of any jurisdiction in which they may be subject to tax. The information given below summarises certain limited aspects of the UK tax position of the Fund and of Shareholders who are solely UK resident for tax purposes and hold their Shares as investments.**

**These statements may not apply to certain Shareholders or classes of Shareholders. They are based on UK law and HM Revenue & Customs practice as known at the date of this document. Please note that the tax treatment of investors depends on their individual circumstances and the levels and bases of, and reliefs from, taxation may change in the future. Shareholders are recommended to consult their professional advisers if they are in any doubt about their tax position or if they may be subject to tax in a jurisdiction other than or in addition to the UK.**

### 10.1 Taxation of the Fund

The Fund is generally exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives).

Dividends from both UK and non-UK companies are generally (depending on the availability of exemptions) not subject to tax when received by the Fund and no further tax is generally payable by it on that income. The Fund is subject to corporation tax at the current rate of 20% on any taxable income but after deducting allowable management expenses. If the Fund suffers foreign tax on income received from overseas sources, this will generally be a cost to the Fund but in some cases may be offset against UK corporation tax payable by the Fund (by way of double tax relief).

Gains realised upon the sale, redemption or other disposal of interests in "offshore funds" which are not "reporting funds" for UK tax purposes and which are not specifically excluded are charged to tax as income ("offshore income gains") and not as capital gains. The Fund is accordingly not generally exempt from tax on such gains and (depending on the circumstances) Shareholders may not receive effective credit for the tax on such gains.

The Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Fund is incorporated, established or resident for tax purposes. The Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Fund or the counterparty to a transaction involving the Fund is incorporated, established or resident for tax purposes.

Where the Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can

be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.

## 10.2 **Taxation of Shareholders**

### 10.2.1 *Taxation of income allocations from the Fund*

For tax purposes, the making of a distribution includes both paying an actual amount in cash in respect of a holding of income Shares to the Shareholder concerned, and also accumulating income which is reflected in the value of a holding of accumulation Shares for the Shareholder concerned.

From 6 April 2016, an individual Shareholder who is resident for tax purposes in the United Kingdom receives a new annual Dividend Allowance which exempts from tax his first £5,000 of dividend income, including dividend distributions received or deemed to be received from the Fund. Dividend income in excess of the Dividend Allowance is taxed at 7.5%, 32.5% or 38.1%, to the extent that income falls within the basic rate income tax band, the higher rate income tax band or the additional rate income tax band, respectively. Individual Shareholders should note that dividend income forms the top slice of an individual's income and that all dividend income (including that income exempted from tax by virtue of the Dividend Allowance) is counted when determining which income tax rate band is applicable.

A Shareholder subject to UK corporation tax for whom a dividend distribution is not treated as a trading receipt may have to divide such dividend distribution into two parts (any such division will be indicated on the tax vouchers accompanying dividend distributions). Any part representing dividends received from a UK or non-UK company will generally be treated as dividend income (in respect of which no liability to UK corporation tax should arise depending on the availability of exemptions). The remainder will be received as an annual payment from which income tax at the basic rate is deemed to have been deducted and will be liable to UK corporation tax (but with credit for the income tax treated as deducted) (as indicated on the tax voucher).

Shareholders should note that the above treatment will not apply if the Fund falls to be treated as a "bond fund" for relevant purposes.

### 10.2.2 *ISAs*

Shares held in the Fund are eligible investments for the purposes of a stocks and shares ISA.

### 10.2.3 *Capital Gains*

Shareholders who are resident in the UK for tax purposes may be liable to UK capital gains tax or, if a company, UK corporation tax on chargeable gains in respect of gains arising from the sale or other disposal of Shares, subject to any available reliefs (which depend on the Shareholder's particular circumstances).

When the first income allocation is made to Shares purchased during an accounting period, the amount representing the income equalisation in the price of the Shares is a return of capital for UK tax purposes and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of income Shares in computing any capital or chargeable gains realised on a subsequent sale or other disposal for UK capital gains tax or UK corporation tax on chargeable gains purposes.

Income arising from accumulation Shares is accumulated and added to the capital property of the Fund. Such amounts should accordingly be added to the acquisition cost of such accumulation Shares when calculating the capital gain realised on their disposal for UK capital gains tax or UK corporation tax on chargeable gains purposes.

### 10.3 **FATCA and similar measures**

The UK has signed a Model 1 inter-governmental agreement with the United States (the "US-UK IGA") to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, "FATCA"). Pursuant to the US- UK IGA and the related UK legislation, regulations and guidance, the Fund is required to report certain information about "Specified U.S. Persons" (as defined in the US-UK IGA) that own, directly or indirectly, an interest in the Fund. If the Fund does not comply with these obligations, it may be subject to a 30 per cent withholding tax on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2019) (a "FATCA Deduction"), and to financial penalties or other sanctions under the relevant UK legislation.

Under the terms of the current US-UK IGA, the Fund will not generally be required to withhold tax on payments made to an account holder (i.e. a Shareholder) or to close recalcitrant accounts. The Fund will be required to report certain information in respect of any "Specified U.S. Persons" to the UK HM Revenue & Customs ("HMRC") and HMRC will exchange this information, on an automatic basis annually, with the US Internal Revenue Service.

It should be noted that a number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the US-UK IGA, including, in particular, under a regime known as the OECD Common Reporting Standard ("CRS"). The UK has signed, along with over 80 other countries, a multilateral competent authority agreement to implement the CRS, and has passed regulations to give effect to the CRS. These regulations require UK "Financial Institutions", including the Fund, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions).

While the Fund will seek to satisfy its obligations under FATCA, the US-UK IGA, the CRS and the associated implementing legislation in the UK to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Fund to satisfy such obligations will depend on receiving relevant information and/or documentation about each

Shareholder and the direct and indirect beneficial owners of the Shares (if any). There can be no assurance that the Fund will be able to satisfy such obligations. If a Shareholder, or any related party, causes the Fund to suffer a FATCA Deduction, financial penalty, or other cost, expense or liability, or the Fund is required to make a FATCA Deduction from such Shareholder, the Fund may take any action available to it to ensure that the FATCA Deduction or financial penalty and other associated costs, expenses and liabilities are economically borne by such Shareholder. Such action may (without limitation) include the compulsory transfer or redemption of any Shares held by such Shareholder and the Fund reducing or refusing to make payment to such Shareholder of any redemption or dividend proceeds.

All prospective investors should consult with their own tax advisors regarding the possible implications of FATCA, the US-UK IGA, the CRS and the associated implementing legislation in the UK and any other similar legislation and/or regulations on their investments in the Fund.



## **11. Winding up of the Fund**

### **11.1 General**

- (a) The Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook.
- (b) Where the Fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Fund) either that the Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Fund will be unable to do so. The Fund may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

### **11.2 Triggers for winding up the Fund**

The Fund shall be wound up under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) when the period (if any) fixed for the duration of the Fund by the Instrument expires, or any event occurs on the occurrence of which the Instrument provides that the Fund is to be wound up; or
- (c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Fund.

### **11.3 Practicalities of winding up and termination**

On the occurrence of any of the above:

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

The ACD shall, after wind up has commenced, realise the assets and meet the liabilities of the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property.

If the ACD has not previously notified Shareholders of the proposal to wind up the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Fund.

#### 11.4 **Completion of winding up or termination**

- (a) As soon as reasonably practicable after completion of the winding up of the Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.
- (b) On completion of a winding up of the Fund, the Fund will be dissolved and any money still standing to the account of the Fund, will be paid into court by the ACD within one month of the dissolution or the termination.
- (c) Following the completion of a winding up of the Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Fund shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## **12. General information**

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

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

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

### **12.1 Communications**

All notices or documents required to be served on Shareholders, shall be served by first class post to the address of such Shareholder as evidenced in the Register, with copies available by facsimile and or secure email.

The address of the head office and the place for service on the Fund of notices or other documents required or authorised to be served on it is 10 Crown Place, London EC2A 4FT.

### **12.2 Complaints**

Complaints about any aspect of the ACD's service should in the first instance be made in writing to the Compliance Officer. If the complaint is unresolved the Shareholder may have the right to refer it to the Financial Ombudsman, Exchange Tower, Harbour Exchange Square, London E14 9SR. Shareholders can make a complaint by calling 0800 023 4567 or by visiting their website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). A copy of the ACD's Internal Complaint Handling Procedure is available on request. In the event of the ACD being unable to pay a valid claim against it, the Shareholder may be entitled to compensation from the Financial Services Compensation Scheme. Making a complaint will not prejudice your rights to commence legal proceedings.

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

### **12.3 Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of the Fund. A summary of this strategy is available from the ACD on 0870 606 6452 or [www.closebrothersam.com](http://www.closebrothersam.com) as are the details of the actions taken on the basis of this strategy in relation to the Fund.

#### 12.4 **Execution**

The ACD must act in the best interests of the Fund when executing decisions to deal on behalf of the Fund. The ACD's best execution policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the ACD or the investment Adviser will effect transactions and place orders in relation to the Fund whilst complying with the obligations upon the ACD under the FCA Rules to obtain the best possible result for the Fund.

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

#### 12.5 **Transfer of assets**

If all or part of the ACD's business is transferred to a third party, the ACD may transfer Shareholders' client money to that other third party, subject to the ACD's duties under the FCA Rules.

#### 12.6 **Collateral management policy**

The ACD is required to have a collateral management policy and to keep that policy under regular review. The policy defines "eligible" types of collateral which the Fund may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Collateral will generally be of high quality and liquid e.g. cash and government securities. The policy will also include any additional restrictions deemed appropriate by the ACD. The ACD will accept the following permitted types of collateral: cash, government securities, certificates of deposit; bonds or commercial paper issued by "relevant institutions".

Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on the quality of assets received, their price volatility, together with the outcome of any stress tests performed under normal and exceptional liquidity conditions.

Where cash collateral, is received, if it is reinvested, it will be diversified in accordance with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN). Where a Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

The Fund does not currently use securities financing transactions. In the event that such transactions are used (eg securities lending) the prospectus will be updated accordingly.

#### 12.7 **Inducements and commission**

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

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

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

## 12.8 **Telephone Recording**

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

## **Appendix 1**

### **Fund details**

Investment objective	<p>The Investment Objective of the Fund is to provide capital growth over the medium term (i.e. more than 5 years). The Fund also seeks to maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below a benchmark of the MSCI All Countries World Index, targeting a level 50% below this benchmark by 2030 from 2019 baseline, and net zero by emissions by 2050.</p>
Investment policy	<p>The Fund will hold at least 80% of its portfolio in equities and equity-related securities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets. Equity related securities can include American depositary receipts (ADRs), global depositary receipts (GDRs) and other equity-related transferable securities.</p> <p>The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments.</p> <p>Firstly, the Investment Adviser applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal.</p> <p>The Investment Adviser then applies its qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies).</p> <p>Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. The Investment Adviser's fundamental analysis is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare. Rather than focussing on a specific sustainability theme across every investment we focus on what we assess to be most material to the company and its broader stakeholders.</p> <p>The relevance of the qualitative information and data to the fundamental analysis varies across issuers, sectors and geographies. The Investment Adviser is not limited to assessing only these aspects in its analysis, and may investigate more or fewer, depending on the materiality and availability of information for any given issuer, sector or geography. The Investment Adviser considers these aspects together as a whole and no one aspect has consistent prevalence over the others in order to determine the suitability of an investment.</p> <p>The Investment Adviser will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.</p> <p>The Fund will maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below MSCI All Countries World Index benchmark, targeting a level 50% below this benchmark by 2030 from 2019 baseline. To help achieve this objective, the Fund will not invest in companies</p>

that derive more than 10% of their revenues from the following business activities:

- Thermal coal. This factor identifies companies with an industry tie to thermal coal, in particular reserve ownership, production and power generation.

Further sectors or business groups are excluded on the basis that the negative externalities generated by the sector or business group are deemed to, on balance, outweigh the positive externalities. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:

- Tobacco products manufacture
- Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster munitions, nuclear/biological/chemical weapons
- Civilian firearms
- Gambling
- Adult entertainment

In addition, the Fund will not invest in:

- Companies that the Investment Adviser deems to be in violation of the UN Global Compact principles (<https://www.unglobalcompact.org/what-is-gc/mission/principles>)
- Governments that the Investment Adviser deems to be in violation of the UN Universal Declaration of Human Rights (<https://www.ohchr.org/en/human-rights/universal-declaration/translations/english>)

Divestment criteria: The Investment Adviser will monitor all companies to check if changes mean that they may no longer meet our definition of having positive attributes. Any change to results under the screening process or provision of new information which results in a holding no longer meeting our criteria will mean that the holding will be sold within 90 days of the change occurring.

Other assets in which the Fund may invest (including collective investment schemes) are not subject to the screening but will be assessed by the Investment Adviser to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.

There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in other transferable securities not included in the equity-related component of the portfolio, collective investment schemes, fixed interest securities, money market instruments, deposits, cash and near cash.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may gain indirect exposure to alternative asset classes, such as commodities, infrastructure, property and convertibles through investment in transferable securities.

The Fund is actively managed and the allocation to particular asset classes may vary over time at the Investment Adviser's discretion and in response to changing market conditions. In normal market conditions, the allocation to equities will not fall below 80%.

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 under the terms of the Regulations. However, it is not currently proposed to employ currency hedging strategies.

The Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.

**Valuation Point:** Currently midday on each Dealing Day

**Frequency of Dealing** Daily on each Dealing Day

**Base Currency** Sterling

**Comparator Benchmark** IA Global

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Investment Adviser believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Investment Adviser when investing the Fund's portfolio. This non-sustainable index has been chosen due to the selective and restrictive nature of sustainable indices; we feel that targeting emissions considerably below a broader benchmark is a better reflection of the wider economy.

The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**ISA Status** Qualifying investment for stocks and shares ISA

**Other information and investment restrictions** The Fund may not invest more than 10% in value of its scheme in any other collective investment schemes.

### Minimum purchase, redemption and holding levels

Classes of Shares	Minimum Purchase Request	Minimum Redemption Request	Minimum Holding Level
Accumulation Shares (X)	£1,000	£500	£1,000
Accumulation Shares (I)*	£100,000	£100,000	£100,000

The ACD may for each relevant Class of Share waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the ACD, the minimum value of Shares which may be purchased each month is £100.

\*The I Accumulation Shares are only available at the ACD's discretion.

### Accounting Dates

Annual accounting date: 31 March

Interim accounting date: 30 September



**Fees and Expenses**

**Accumulation Shares: X**

Fund Management Fee X Accumulation: 0.68% per annum

Charge for investment research: None

**Accumulation Shares: I**

Preliminary Charge: 10%

Fund Management Fee I Accumulation: 0.10% per annum

Charge for investment research: None

## **Appendix 2**

### **Investment powers and restrictions**

#### **13. General**

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

##### **13.1 Prudent spread of risk**

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

##### **13.2 Cover**

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

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

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

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

#### **14. UCITS schemes - general**

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

14.1.1 transferable securities;

14.1.2 approved money-market instruments;

14.1.3 units or shares in permitted collective investment schemes;

14.1.4 permitted derivatives and forward transactions; and

14.1.5 permitted deposits.

## **15. Transferable Securities**

- 15.1 A transferable security is an investment which is any of the following:
- 15.1.1 a share;
  - 15.1.2 a debenture;
  - 15.1.3 an alternative debenture;
  - 15.1.4 a government and public security;
  - 15.1.5 a warrant; or
  - 15.1.6 a certificate representing certain securities.
- 15.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 15.3 In applying paragraph 15.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 15.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

## **16. Investment in transferable securities**

- 16.1 The Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 16.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 16.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying unitholder under the COLL Sourcebook;
  - 16.1.3 reliable valuation is available for it as follows:
    - 16.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 16.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 16.1.4 appropriate information is available for it as follows:

- 16.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 16.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 16.1.5 it is negotiable; and
  - 16.1.6 its risks are adequately captured by the risk management process of the ACD.
- 16.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 16.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying unitholder; and
  - 16.2.2 to be negotiable.
- 16.3 No more than 5% of the value of the scheme property of the Fund may be invested in warrants.

**17. Closed end funds constituting transferable securities**

- 17.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Fund, provided it fulfils the criteria for transferable securities set out in paragraph 16, and either:
- 17.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 17.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 17.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 17.1.2 where the closed end fund is constituted under the law of contract:
    - 17.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 17.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

- 18.1 The Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Fund provided the investment:
- 18.1.1 fulfils the criteria for transferable securities set out in paragraph 16; and
  - 18.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Fund can invest.
- 18.2 Where an investment in paragraph 18.1 contains an embedded derivative component (see paragraph **Error! Reference source not found.**), the requirements of this Appendix with respect to derivatives and forwards will apply to that component.

## **19. Approved Money Market Instruments**

- 19.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 19.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 19.2.1 has a maturity at issuance of up to and including 397 days;
  - 19.2.2 has a residual maturity of up to and including 397 days;
  - 19.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 19.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph 19.2.1 or 19.2.2 or is subject to yield adjustments as set out in paragraph 19.2.3.
- 19.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Unitholder.
- 19.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 19.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 19.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 19.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which

can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## **20. Transferable securities and money market instruments generally to be admitted to or dealt in on an eligible market**

20.1 Transferable securities and approved money market instruments held within the Fund must (subject to paragraphs 20.2 and **Error! Reference source not found.**) be:

20.1.1 admitted to or dealt in on an eligible market as described in paragraphs 21.1 and 21.2; or

20.1.2 for an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 22.1: or

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

20.2 Not more than 10% in value of the scheme property of the Fund is to consist of transferable securities and approved money market instruments (other than those that are referred to in paragraph 20).

## **21. Eligible markets requirements**

21.1 A market is eligible for the purposes of the paragraph 20 if it is:

21.1.1 a regulated market;

21.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

21.2 If a market does not fall within paragraph 21.1 it may be eligible if the ACD, after consultation and notification with the Depositary, decides that:

21.2.1 the market is appropriate for investment of, or dealing in, the scheme property;

21.2.2 the market is included in a list in the Prospectus; and

21.2.3 the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

21.3 In paragraph 21.2 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has

adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

21.4 Eligible markets for the Fund are set out in Appendix 4 below.

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

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

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

22.1.2 the instrument is issued or guaranteed in accordance with paragraph 23.

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

22.2.1 the instrument is an approved money-market instrument;

22.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 24; and

22.2.3 the instrument is freely transferable.

## **23. Issuers and guarantors of money-market instruments**

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

23.1.1 issued or guaranteed by any one of the following:

23.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

23.1.1.2 a regional or local authority of the United Kingdom or an EEA State;

23.1.1.3 the European Central Bank or a central bank of an EEA State;

23.1.1.4 the Bank of England, the European Union or the European Investment Bank;

23.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

23.1.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or

23.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

- 23.1.3 issued or guaranteed by an establishment which is:
  - 23.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU; or
  - 23.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by EU or UK law.

23.2 An establishment shall be considered to satisfy the requirement in paragraph 23.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- 23.2.1 it is located in the European Economic Area;
- 23.2.2 it is located in an OECD country belonging to the Group of Ten;
- 23.2.3 it has at least investment grade rating;
- 23.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

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

24.1 In the case of an approved money-market instrument within paragraph Appendix 223.1.2 or which is issued by an authority within paragraph 23.1.1.2 or a public international body within paragraph 23.1.1.6 but is not guaranteed by a central authority within paragraph 23.1.1.1, the following information must be available:

- 24.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- 24.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 24.1.3 available and reliable statistics on the issue or the issuance programme.

24.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph Appendix 223.1.3, the following information must be available

- 24.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and
- 24.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.



- 24.3 In the case of an approved money-market instrument:
- 24.3.1 within paragraphs 23.1.1.1, Appendix 223.1.1.4 or Appendix 223.1.1.5; or
  - 24.3.2 which is issued by an authority within paragraph 23.1.1.2 or a public international body within paragraph 23.1.1.6 and is guaranteed by a central authority within paragraph 23.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## **25. Spread: general**

- 25.1 This paragraph **Error! Reference source not found.** on spread does not apply to government and public securities.
- 25.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
- 25.3 Not more than 20% in value of the scheme property of the Fund is to consist of deposits with a single body.
- 25.4 With the exception of those instruments specified in paragraph **Error! Reference source not found.** below, not more than 5% in value of the scheme property of the Fund is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the scheme property of that Fund. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 25.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of the Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 25.6 The COLL Sourcebook provides that not more than 20% in value of the scheme property of the Fund is to consist of the units of any one collective investment scheme.
- 25.7 Not more than 20% in value of the scheme property of the Fund may consist of transferable securities and approved money market instruments issued by the same group.
- 25.8 In applying the limits in paragraphs Appendix 225.3 to Appendix 225.6 not more than 20% in value of the scheme property of the Fund is to consist of any combination of two or more of the following:
- 25.8.1 transferable securities or approved or money market instruments issued by; or
  - 25.8.2 deposits made with; or
  - 25.8.3 exposures from OTC derivatives transactions made with;
- a single body.

## **26. Counterparty risk and issuer concentration**

- 26.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs Appendix 225.5 and Appendix 225.8.
- 26.2 When calculating the exposure of the Fund to a counterparty in accordance with the limits in paragraph Appendix 225.5 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 26.3 The ACD may net the OTC derivative positions of the Fund with the same counterparty, provided:
- 26.3.1 they are able legally to enforce netting agreements with the counterparty on behalf of the Fund;
  - 26.3.2 the netting agreements in paragraph 26.3.1 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 26.4 The ACD may reduce the exposure of scheme property of the Fund to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 26.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph Appendix 225.5 when it passes collateral to an OTC counterparty on behalf of the Fund.
- 26.6 Collateral passed in accordance with paragraph 26.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Fund.
- 26.7 In relation to the exposure arising from OTC derivatives as referred to in paragraph Appendix 225.8 the ACD must include in the calculation any counterparty risk relating to the OTC derivative transaction.
- 26.8 The ACD must calculate the issuer concentration limits referred to in paragraph **Error! Reference source not found.** on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

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

- 27.1 The following applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
- 27.1.1 the United Kingdom or an EEA State;
  - 27.1.2 a local authority of the United Kingdom or an EEA State;
  - 27.1.3 a non-EEA State;
  - 27.1.4 a public international body to which the UK or one or more EEA States belong.

- 27.2 Where no more than 35% in value of the scheme property of 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.
- 27.3 The Fund may invest more than 35% in value of the scheme property of the Fund in such securities issued by any one body provided that before any such investment is made, the ACD has consulted with the Depositary and as a result considers that:
- 27.3.1 the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
  - 27.3.2 no more than 30% in value of the scheme property of the Fund consists of such securities of any one issue; and
  - 27.3.3 the scheme property of the Fund includes such securities issued by that or another issuer, of at least six different issues;
- 27.4 In relation to such securities:
- 27.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - 27.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 27.5 Notwithstanding paragraph 25.1 and subject to paragraphs 25.2 and Appendix 225.3, in applying the 20% limit in paragraph Appendix 225.8 with respect to a single body, such securities issued by that body shall be taken into account.
- 27.6 More than 35% in value of the property of the Fund may be invested in such securities issued or guaranteed by any one of the following: Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, the United Kingdom of Great Britain and Northern Ireland, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Liechtenstein, Luxembourg, Malta, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United States of America, the International Bank for Reconstruction and Development, the European Investment Bank and the European Bank for Reconstruction and Development.

## **28. Investment in collective investment schemes**

- 28.1 The Fund may invest in units in a collective investment scheme ("Second Scheme") provided that Second Scheme satisfies all of the following conditions and provided that no more than 10% of the value of the Fund is invested in Second Schemes within paragraphs 28.1.1.2–28.1.1.5.
- 28.1.1 The Second Scheme must:
    - 28.1.1.1 be a UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

- 28.1.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
- 28.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or
- 28.1.1.4 be authorised in an EEA State provided the requirements of COLL 5.2.13AR are met; or
- 28.1.1.5 be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
  - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the scheme's management company, rules and depositary/custody arrangements.

(provided the requirements of COLL 5.2.13AR are met).

28.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph **Error! Reference source not found.** and paragraph **Error! Reference source not found.** apply to each sub-fund as if it were a separate scheme.

28.2 The Fund may, subject to the limits set out in paragraph **Error! Reference source not found.** above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the scheme or one of its associates.

28.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the prospectus of the Fund clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook at COLL 5.2.16R are complied with.

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

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

## **30. Derivatives: General**

30.1 The Investment Adviser may employ derivatives for the purposes of direct investment purposes and Efficient Portfolio Management, further information on EPM is provided in paragraph 10. The ACD does not anticipate that the use of derivatives by the Fund will change or alter the risk profile of the Fund.

30.2 A transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified in paragraph 32 (Permitted transactions

(derivatives and forwards)) below, and the transaction is covered, as required by paragraph **Error! Reference source not found.** (Cover for investment in derivatives and forward transactions).

- 30.3 Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules in 30.7 apply.
- 30.4 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 30.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 30.5.1 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;
  - 30.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 30.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 30.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 30.7 Where the Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

### **31. Efficient Portfolio Management**

- 31.1 The Fund may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

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

31.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

31.2.2 Transactions for the generation of additional capital growth or income for the Fund with an acceptably low level of risk which is consistent with the Fund's risk profile and the risk diversification rules laid down in the FCA Rules – there is an acceptably low level of risk in any case where the ACD has taken reasonable care to determine that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from stock lending or on the basis either of taking advantage of pricing imperfections in relation to the acquisition and disposal (or vice versa) of rights in relation to property the same as, or equivalent to property which the authorised fund holds or may properly hold or of receiving premiums for the writing of covered put or call options.

A permitted arrangement in this context may at any time be closed out.

31.3 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.

31.4 The ACD measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the ACD. A counterparty may be an associate of the ACD which may give rise to a conflict of interest.

31.5 Any income or capital generated by the use of EPM techniques (net of direct or indirect costs) will be paid to the Fund.

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

32.1 A transaction in a derivative must be:

32.1.1 in an approved derivative; or

32.1.2 be one which complies with paragraph 36 (OTC transactions in derivatives).

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

32.2.1 transferable securities permitted under paragraphs 20.1.1 and 20.1.3 ;

- 32.2.2 approved money-market instruments permitted under paragraphs 20.1.1 and 20.1.2 ;
  - 32.2.3 deposits permitted under paragraph 39;
  - 32.2.4 permitted derivatives under this paragraph;
  - 32.2.5 collective investment scheme units permitted under paragraph 28 (Investment in collective investment schemes);
  - 32.2.6 financial indices which satisfy the criteria set out in COLL 5.2.20AR;
  - 32.2.7 interest rates;
  - 32.2.8 foreign exchange rates; and
  - 32.2.9 currencies.
- 32.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 32.4 A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Instrument and the most recently published version of this Prospectus.
- 32.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 35 are satisfied.
- 32.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 32.7 A derivative includes an instrument which fulfils the following criteria:
- 32.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 32.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph **Error! Reference source not found.** including cash;
  - 32.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph **Error! Reference source not found..**
  - 32.7.4 its risks are adequately captured by the risk management process of the Manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

- 32.8 The Fund may enter into a range of swap transactions in pursuit of its investment objective (including total return swaps) or other financial derivatives instruments with similar characteristics. Where relevant, the underlying assets and investment strategies or such swaps, to which exposure will be gained, are described in the investment objective and policy of the Fund.
- 32.9 The counterparty to such transaction does not have discretion over the composition or management of the Fund's portfolio or over the underlying of financial derivative instruments used by the Fund. Counterparty approval is not required in relation to any investment decision made by the Fund.
- 32.10 The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the ACD.

### **33. Financial indices underlying derivatives**

- 33.1 The financial indices referred to in paragraph 32.2 are those which satisfy the following criteria:
- 33.1.1 the index is sufficiently diversified;
  - 33.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 33.1.3 the index is published in an appropriate manner.
- 33.2 A financial index is sufficiently diversified if:
- 33.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 33.2.2 where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 33.2.3 where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 33.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 33.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 33.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 33.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.



- 33.4 A financial index is published in an appropriate manner if:
- 33.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 33.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 33.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 32.2 be regarded as a combination of those underlyings.

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

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

#### **35. 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 (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.

#### **36. OTC transactions in derivatives**

- 36.1 Any transaction in an OTC derivative under paragraph 32.1.2 must be:
- 36.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; a person whose permission (including any requirements or limitations), as published in the FCA Register permits it to enter into the transaction as principal off-exchange; a central counterparty ("CPP") that is authorised in that capacity for the purposes of the UK version of Regulation (EU) No 648/2012 on OTC Derivatives, as amended, ("EMIR"); a CPP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered above, a CPP supervisor in a jurisdiction that; (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and (ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;

- 36.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
- 36.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 36.1.3.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 36.1.3.2 if the value referred to in paragraph 36.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 36.1.4 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 36.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 36.1.4.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- 36.2 For the purposes of paragraph 36.1.2, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **37. Valuation of OTC derivatives**

- 37.1 For the purposes of paragraph **Error! Reference source not found.**, the ACD must:
  - 37.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Fund to OTC derivatives; and
  - 37.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 37.2 Where the arrangements and procedures referred to in paragraph 37.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

- 37.3 The arrangements and procedures referred to in this rule must be:
- 37.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 37.3.2 adequately documented.

### **38. Risk management**

- 38.1 The ACD uses a risk management process, enabling it to monitor and measure at any time the risk of the Fund's positions and their contribution to the overall risk profile of the Fund.
- 38.2 The following details of the risk management process must be regularly notified by the ACD to the FCA and at least on an annual basis:
- 38.2.1 a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits; and
  - 38.2.2 the methods for estimating risks in derivative and forward transactions.

### **39. Investments in deposits**

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

### **40. Significant influence**

- 40.1 The Fund shall 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 immediately before the acquisition, the aggregate of any such securities held by the Fund, gives the Fund power significantly to influence the conduct of business of that body corporate; or the acquisition gives the Fund that power.
- 40.2 The Fund is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

### **41. Concentration**

- 41.1 The Fund:
- 41.1.1 must not acquire transferable securities other than debt securities which:
    - 41.1.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
    - 41.1.1.2 represent more than 10% of these securities issued by that body corporate;

- 41.1.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 41.1.3 must not acquire more than 25% of the units in a collective investment scheme;
- 41.1.4 must not acquire more than 10% of the money market instruments issued by any single body; and
- 41.1.5 need not comply with the limits in paragraphs 41.1.2, Appendix 241.1.3 and 41.1.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **42. Schemes replicating an index**

- 42.1 Notwithstanding paragraph **Error! Reference source not found.**, the Fund may invest up to 20% in value of the scheme property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 43.
- 42.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 42.3 The limit in paragraph 42.1 can be raised up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

## **43. Relevant indices**

- 43.1 The indices referred to in paragraph 42 are those which satisfy the following criteria:
  - 43.1.1 The composition is sufficiently diversified;
  - 43.1.2 The index represents an adequate benchmark for the market to which it refers; and
  - 43.1.3 The index is published in an appropriate manner.
- 43.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this Appendix.
- 43.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 43.4 An index is published in an appropriate manner if:
  - 43.4.1 it is accessible to the public;
  - 43.4.2 the index provider is independent from the index-replicating ACD; this does not preclude index providers and the ACD from forming part of the same group,

provided that effective arrangements for the management of conflicts of interest are in place.

#### **44. Cover for investment in derivatives**

44.1 The Fund may invest in derivatives and forward transactions as part of its investment policy provided its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property.

#### **45. Daily calculation of global exposure**

45.1 The ACD must calculate the global exposure of the Fund on at least a daily basis.

45.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

#### **46. Calculation of global exposure**

46.1 The ACD must calculate the global exposure of the Fund either as:

46.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph **Error! Reference source not found.** (Derivatives: general), which may not exceed 100% of the net value of the scheme property of the Fund, by way of the commitment approach; or

46.1.2 the market risk of the scheme property of the Fund, by way of the value at risk approach.

46.2 The ACD calculates the global exposure of the Fund by using the commitment approach.

46.3 The ACD must ensure that the method selected above is appropriate, taking into account:

46.3.1 the investment strategy pursued by the Fund;

46.3.2 the types and complexities of the derivatives and forward transactions used; and

46.3.3 the proportion of the scheme property comprising derivatives and forward transactions.

46.4 Where the Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph Appendix 248 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

46.5 For the purposes of paragraph Appendix 246.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

## **47. Commitment approach**

- 47.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
- 47.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph **Error! Reference source not found.** (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph Appendix 248 (Stock lending); and
  - 47.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 47.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 47.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 47.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 47.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph **Error! Reference source not found.** (General power to borrow) need not form part of the global exposure calculation.

## **48. Stock lending**

- 48.1 The ACD may request the Depositary to enter into stock lending transactions or a repo contract in respect of the Fund. However, the purpose of the stock lending transaction must be for the generation of capital or income for the Fund with no, or an acceptably low degree of risk.
- 48.2 There is no limit on the value of the scheme property which may be the subject of repo contracts or stock lending transactions.
- 48.3 Any stock lending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:

48.3.1 all the terms of the agreement under which securities are to be reacquired by the Depository for the account of the Fund are in a form which is acceptable to the Depository and are in accordance with good market practice;

48.3.2 the counterparty is:

48.3.2.1 an authorised person; or

48.3.2.2 a person authorised by a Home State regulator; or

48.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

48.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and

48.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph Appendix 248.3.1 and the collateral is:

48.3.3.1 acceptable to the Depository;

48.3.3.2 adequate; and

48.3.3.3 sufficiently immediate.

48.4 The counterparty for the purpose of paragraph 48.3.2 is the person who is obliged under the agreement referred to in paragraph Appendix 248.3.1 to transfer to the Depository the securities transferred by the Depository under the stock lending arrangement or securities of the same kind.

48.5 Paragraph Appendix 248.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

#### **49. Treatment of collateral**

49.1 Collateral is adequate for the purposes of this paragraph only if it is:

49.1.1 transferred to the Depository or its agent;

49.1.2 at least equal in value, at the time of the transfer to the Depository, to the value of the securities transferred by the Depository; and

49.1.3 in the form of one or more of:

49.1.3.1 cash; or

49.1.3.2 a certificate of deposit; or

- 49.1.3.3 a letter of credit; or
  - 49.1.3.4 a readily realisable security ; or
  - 49.1.3.5 commercial paper with no embedded derivative content; or
  - 49.1.3.6 a qualifying money market fund.
- 49.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph **Error! Reference source not found.** must be complied with.
- 49.3 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 49.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
  - 49.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph Appendix 249.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 49.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 49.5 The duty in paragraph Appendix 249.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 49.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Fund or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.
- 49.7 Collateral transferred to the Depositary is part of the scheme property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 49.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph Appendix 249.6 by an obligation to transfer; and
  - 49.7.2 it does not count as scheme property for any purpose of this Appendix other than this paragraph.
- 49.8 Paragraphs Appendix 249.6 and Appendix 249.7.1 not apply to any valuation of collateral itself for the purposes of this paragraph.



## **50. Cash and near cash**

- 50.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 50.1.1 the pursuit of the Fund's investment objective; or
  - 50.1.2 the redemption of shares; or
  - 50.1.3 efficient management of the Fund in accordance with its investment objective; or
  - 50.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 50.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **51. General**

- 51.1 It is envisaged that the Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of the Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 51.2 Where the Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 51.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

## **52. General power to borrow**

- 52.1 The ACD may, on the instructions of the Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 52.2 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 52.3 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary; the Depositary's consent may be given only on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

52.4 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Fund.

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

### **53. Restrictions on lending of money**

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

53.2 Acquiring a debenture is not lending for the purposes of paragraph 53.1, nor is the placing of money on deposit or in a current account.

### **54. Restrictions on lending of property other than money**

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

54.2 Transactions permitted by paragraph **Error! Reference source not found.** (Stock lending) are not to be regarded as lending for the purposes of paragraph 54.1.

54.3 The Scheme Property must not be mortgaged.

54.4 Where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with COLL 5, nothing in this paragraph prevents the Fund or the Depositary at the request of the Fund: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

### **55. General power to accept or underwrite placings**

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

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

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

## **56. Guarantees and indemnities**

- 56.1 The Fund or the Depositary for the account of the Fund, must not provide any guarantee or indemnity in respect of the obligation of any person.
- 56.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 56.3 Paragraphs 56.1 and 56.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used in accordance with COLL 5, and:
- 56.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 56.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - 56.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of shares in that scheme become the first shareholders in the Fund.

**Appendix 3**  
**Eligible markets**

Set out below are the securities markets through which the Fund may invest or deal in approved securities (subject to the investment objective and policy of the Fund):

- (a) a "regulated market" as defined in COLL;
- (b) a securities market established in the UK or any EEA State (which as at the date of this Prospectus includes Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden and Slovenia) which is regulated, operates regularly and is open to the public; or
- (c) the principal or only market established under the rules of any of the following investment exchanges:

**ELIGIBLE SECURITIES MARKETS**

<b>Country</b>	<b>Market</b>
AUSTRALIA	Australian Securities Exchange
CANADA	The Toronto Stock Exchange
EUROPE	Six Swiss Exchange The International Stock Exchange (TISE)
HONG KONG	Stock Exchange of Hong Kong Limited
JAPAN	Tokyo Stock Exchange Fukuoka Stock Exchange Nagoya Stock Exchange Osaka Exchange Sapporo Securities Exchange TSE JASDAQ Mothers Market
NEW ZEALAND	NZX Limited
SINGAPORE	Singapore Exchange
SOUTH AFRICA	JSE
SOUTH KOREA	Korea Exchange

<b>Country</b>	<b>Market</b>
THAILAND	Stock Exchange of Thailand
UNITED KINGDOM	Alternative Investment Market (AIM) London Stock Exchange plc
UNITED STATES OF AMERICA	New York Stock Exchange NYSE American NASDAQ QMX BX NASDAQ NYSE National NASDAQ OMX PHLX NYSE Arca NYSE Chicago  The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers

### Eligible Derivatives Markets

Set out below are the derivatives markets through which the Fund may deal (subject to the Instrument of the Fund, this Prospectus and COLL as it applies to UK UCITS schemes).

Subject to its investment objectives and policy, the Fund may deal through derivatives markets established in the UK and EEA States on which transferable derivatives admitted to official listing in the member State are dealt in or traded.

#### **ELIGIBLE DERIVATIVES MARKETS**

<b>Country</b>	<b>Market</b>
AUSTRALIA	Australian Securities Exchange Limited (ASX)
CANADA	TMX Bourse de Montreal
HONG KONG	Hong Kong Futures Exchanges Limited
JAPAN	Tokyo Stock Exchange TSE/JASDAQ Tokyo Financial Exchange Osaka Exchange
NEW ZEALAND	NZX Limited
SINGAPORE	Singapore Exchange
SOUTH AFRICA	JSE
UNITED STATES OF AMERICA	Chicago Board Options Exchange (CBOE) Chicago Mercantile Exchange (CME) CX Futures Exchange ICE Futures New York Mercantile Exchange (NYMEX) New York Stock Exchange NASDAQ QMX PHLX
OTHERS	Six Swiss Exchange EUREX Exchange The London Metal Exchange Limited ICE Futures Europe

**Appendix 4 Country/Market**  
**BNYM SA/NV Sub-Custodian Network –26 July 2023**

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Argentina</b>	The Branch of Citibank, N.A. in the Republic of, Argentina	Ciudad de Buenos Aires
<b>Australia</b>	Citigroup Pty Limited	Melbourne
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Austria</b>	UniCredit Bank Austria AG	Vienna
<b>Bahrain</b>	HSBC Bank Middle East Limited	Kingdom of Bahrain
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Belgium</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Hamilton
<b>Botswana</b>	Stanbic Bank Botswana Limited	Gaborone
<b>Brazil</b>	Citibank N.A., Brazil	Sao Paulo
<b>Brazil</b>	Itaú Unibanco S.A.	Sao Paulo
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	Sofia
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
<b>Cayman Islands</b>	The Bank of New York Mellon	New York
<b>Channel Islands</b>	The Bank of New York Mellon	New York
<b>Chile</b>	Banco Santander	Santiago
<b>China</b>	HSBC Bank (China) Company Limited	Shanghai
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
<b>Costa Rica</b>	Banco Nacional de Costa Rica	San José
<b>Croatia</b>	Privredna banka Zagreb d.d.	Zagreb
<b>Cyprus</b>	Citibank Europe Plc, Greece Branch	Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Prague
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	Cair
<b>Estonia</b>	SEB Pank AS	Tallinn
<b>Euromarket</b>	Clearstream Banking S.A.	Luxembourg
<b>Euromarket</b>	Euroclear Bank SA/NV	Brussels

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>France</b>	BNP Paribas Securities Services S.C.A.	Pantin
<b>France</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Germany</b>	The Bank of New York Mellon SA/NV	Frankfurt
<b>Ghana</b>	Stanbic Bank Ghana Limited	Accra
<b>Greece</b>	Citibank Europe Plc, Greece Branch	Athens
<b>Hong Kong</b>	Citibank N.A. Hong Kong	Hong Kong
<b>Hong Kong</b>	Deutsche Bank AG	Hong Kong
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Budapest
<b>Iceland</b>	Landsbankinn hf.	Reykjavik
<b>India</b>	Deutsche Bank AG	Mumbai
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Indonesia</b>	Deutsche Bank AG	Jakarta
<b>Ireland</b>	The Bank of New York Mellon	New York
<b>Israel</b>	Bank Hapoalim B.M.	Tel
<b>Italy</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Japan</b>	Mizuho Bank, Ltd.	Tokyo
<b>Japan</b>	MUFG Bank, Ltd.	Tokyo
<b>Jordan</b>	Standard Chartered Bank, Jordan Branch	Amman
<b>Kazakhstan</b>	Citibank Kazakhstan Joint-Stock Company	Almat
<b>Kenya</b>	Stanbic Bank Kenya Limited	Nairobi
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Safat
<b>Latvia</b>	AS SEB banka	Kekavas novads
<b>Lithuania</b>	AB SEB bankas	Vilnius
<b>Luxembourg</b>	Euroclear Bank SA/NV	Brussels
<b>Malawi</b>	Standard Bank PLC	Lilongwe
<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad (SCB)	Kuala Lumpur
<b>Malta</b>	The Bank of New York Mellon SA/NV	Frankfurt
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Ebene



<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Mexico</b>	Banco Nacional de México S.A. Integrante del Grupo Financiero Banamex	Ciudad de Mexico
<b>Mexico</b>	Banco S3 CACEIS Mexico, S.A., Institución de Banca Multiple	Ciudad de Mexico
<b>Morocco</b>	Citibank Maghreb S.A.	Casablanca
<b>Namibia</b>	Standard Bank Namibia Limited	Kleine Kuppe, Windhoek
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Brussels
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	Auckland
<b>Nigeria</b>	Stanbic IBTC Bank Plc.	Lagos
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Oman</b>	Standard Chartered Bank Oman branch	Muscat
<b>Pakistan</b>	Deutsche Bank AG	Karachi
<b>Panama</b>	Citibank N.A., Panama Branch	Panama City
<b>Peru</b>	Citibank del Peru S.A.	Lima
<b>Philippines</b>	Standard Chartered Bank, Philippines Branch	Makati City
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	Warszawa
<b>Portugal</b>	Citibank Europe Plc	Dublin
<b>Qatar</b>	Qatar National Bank	Doha
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Romania</b>	Citibank Europe plc Dublin, Romania Branch	Bucharest
<b>Russia</b>	AO Citibank	Moscow
<b>Russia</b>	PJSC ROSBANK	Moscow
<b>Saudi Arabia</b>	HSBC Saudi Arabia	Riyadh
<b>Serbia</b>	UniCredit Bank Serbia JSC	Belgrade
<b>Singapore</b>	DBS Bank Ltd	Singapore
<b>Singapore</b>	Standard Chartered Bank (Singapore) Limited	Singapore
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky	Bratislava
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	Ljubljana
<b>South Africa</b>	Standard Chartered Bank, Johannesburg Branch	Sandton
<b>South Africa</b>	The Standard Bank of South Africa Limited	Johannesburg
<b>South Korea</b>	Deutsche Bank AG	Seoul

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch	Seoul
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
<b>Spain</b>	CACEIS Bank Spain, S.A.U.	Madrid
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd.	Zurich
<b>Switzerland</b>	UBS Switzerland AG	Zurich
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	Taipei City
<b>Tanzania</b>	Stanbic Bank Tanzania Limited	Dar es Salaam
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
<b>Tunisia</b>	Union Internationale de Banques	Tunis
<b>Turkey</b>	Deutsche Bank A.S.	Istanbul
<b>U.A.E.</b>	HSBC Bank Middle East Limited (HBME)	Dubai
<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	London
<b>U.K.</b>	The Bank of New York Mellon	New York
<b>U.S.A.</b>	The Bank of New York Mellon	New York
<b>U.S.A. Precious Metals</b>	HSBC Bank, USA, N.A.	New York
<b>Uganda</b>	Stanbic Bank Uganda Limited	Kampala
<b>Ukraine</b>	JSC "Citibank"  Full name Joint Stock Company "Citibank"	Kiev
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Montevideo
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
<b>WAEMU</b>	Société Générale Côte d'Ivoire	Abidjan
<b>Zambia</b>	Stanbic Bank Zambia Limited	Lusaka
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	Harare

Note: Benin, Burkina-Faso, Guinea Bissau, Ivory Coast, Mali, Niger, Senegal and Togo are members of the West African Economic and Monetary Union (WAEMU).



## **Appendix 5 Past Performance**

On 30 June 2023 the Company ceased to be classified as a NURS and converted to a UCITS and consequently there is no past performance data available.

### **Investors and potential investors should note the following statements**

The past performance of the Fund is not considered an appropriate guide/comparator, no historic data is presented. You should note that the price of shares, 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.

Source of all data: Close Asset Management (UK) Limited

### Dilution Adjustment

**The number of occasions on which the dilution adjustment has been applied in the period from 1 April 2022 to 31 March 2023 :**

Name of Fund	Number of days on which dilution adjustment has been applied during the period
Close Select Global Equity Fund	0