

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

Maitland Institutional Services Ltd, the authorised corporate director of the Company, 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. Maitland Institutional Services Ltd accepts responsibility accordingly.

PROSPECTUS
OF
MI ACTIVUS WEALTH FUNDS
(A UCITS scheme open-ended investment company
incorporated with limited liability and registered in England and Wales
under registered number IC001066)

This document constitutes the Prospectus for MI ACTIVUS WEALTH FUNDS which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 13 February 2017.

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

CONTENTS

Clause		Page
1	DEFINITIONS	3
2	DETAILS OF THE COMPANY	11
3	BUYING, REDEEMING AND SWITCHING SHARES	14
4	VALUATION OF THE COMPANY	22
5	RISK FACTORS	25
6	MANAGEMENT AND ADMINISTRATION.....	30
7	FEES AND EXPENSES.....	33
8	INSTRUMENT OF INCORPORATION.....	38
9	SHAREHOLDER MEETINGS AND VOTING RIGHTS	38
10	TAXATION	39
11	WINDING UP OF THE COMPANY OR A SUB-FUND.....	42
12	GENERAL INFORMATION.....	43
	APPENDIX 1 – SUB-FUND DETAILS	47
	APPENDIX 2 – ELIGIBLE SECURITIES MARKETS AND ELIBIGLE DERIVATIES MARKETS.....	49
	APPENDIX 3 – INVESTMENT AND BORROWING POWERS OF THE COMPANY	51
	APPENDIX 4 – LIST OF OTHER FUNDS OPERATED BY THE ACD	66
	APPENDIX 5 – PAST PERFORMANCE	67
	APPENDIX 6 – SUB-CUSTODIANS	68
	APPENDIX 7 - DIRECTORY	72

Important information

No person has been authorised by the Company or the ACD to give any information or to 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 upon as having been made by the Company or the ACD. 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 Company have not changed since the date hereof.

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

The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Funds in the United States or to US Persons may constitute a violation of US law. The Company has not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or for the account or benefit of any US Person except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Maitland Institutional Services Ltd.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Maitland Institutional Services Ltd.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date hereof. Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including key investor information documents, supplementary information documents and the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.

Obligations have been imposed on financial sector professionals to prevent the use of funds such as MI Activus Wealth Funds for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of

legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.

Neither the ACD nor any of its officers, representatives or advisers, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.

No part of this Prospectus may, be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the ACD.

Overseas transfers

The ACD may transfer Shareholders' personal information to countries located outside the European Economic Area (the "EEA").

This may happen when the ACD's servers, suppliers and/or service providers are based outside the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances the ACD will take steps to ensure that Shareholders' privacy rights are respected. Details relevant to a Shareholder may be provided upon request.

The Depositary

Except for the information about itself as Depositary for which the Depositary is responsible, the Depositary is not responsible for the information contained in this Prospectus and accordingly does not accept any responsibility for such information under the Regulations or otherwise

Important: If you are in any doubt about the contents of this Prospectus you should consult your Financial Adviser.

1. **DEFINITIONS**

“ACD”	Maitland Institutional Services Ltd, the authorised corporate director of the Company holding offices pursuant to the Rules and the ACD Agreement;
“ACD Agreement”	an agreement between the Company and the ACD;
“Administrator”	Maitland Institutional Services Ltd, the administrator of the Company;
“Approved Bank”	(in relation to a bank account opened by the Company): <ul style="list-style-type: none"> (a) if the account is opened at a branch in the United Kingdom: <ul style="list-style-type: none"> (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: <ul style="list-style-type: none"> (i) a bank in (a); or (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank, <p>as such may be updated in the glossary of definitions in the FCA Handbook from time to time;</p>
“Auditor”	KPMG LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
“business day”	any day which is not a Saturday, Sunday or a public holiday on which banks are ordinarily open for business in the City of London;
“Class” or “Classes”	in relation to Shares, means (according to the context) all of the Shares of a single Sub-fund or a particular class or classes of Share of a single Sub-fund;
“COLL”	refers to the appropriate chapter or rule in the COLL Sourcebook;

“COLL Sourcebook”	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
“Company”	MI Activus Wealth Funds;
“CRS”	means the common reporting standard as developed and approved by the OECD in 2014 and implemented in the UK by the International Tax Compliance Regulations 2015 with effect from 1 January 2016;
“Custodian”	means the Northern Trust Company, London Branch;
“Dealing Day”	Monday to Friday where these days are business days, between the hours of 8.30 a.m. to 4.30 p.m.;
“Depository”	the person to whom is entrusted the safekeeping of all the Scheme Property, being Northern Trust Global Services Limited, or such other entity as is appointed to act as Depository;
“Director” or “Directors”	the directors of the Company from time to time (including the ACD);
“EEA State”	a member state of the European Union and any other state which is within the European Economic Area;
“Efficient Portfolio Management” or “EPM”	<p>investment techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <ul style="list-style-type: none"> (a) they are economically appropriate in that they are realised in a cost effective way; (b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> (i) reduction of risk; (ii) reduction of cost; (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL. <p>For further information see Appendix 3;</p>
“Eligible Institution”	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
“ERISA Plan”	(i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans);

“FATCA”	means the US Foreign Account Tax Compliance Act, as set out in Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended from time to time;
“FCA”	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
“FCA Handbook”	the FCA Handbook of Rules and Guidance, as amended from time to time;
“FCA Register”	the public record, as required by section 347 of the Financial Services and Markets Act 2000;
“FFI”	means Foreign Financial Institution as defined in the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA, signed on 12 September 2012;
“Home State”	<ul style="list-style-type: none"> (a) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive; (b) (in relation to an investment firm): <ul style="list-style-type: none"> (i) where the investment firm is a natural person, the EEA State in which his head office is situated; (ii) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated; (c) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated; (d) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body’s head office is situated; (e) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights);

“HMRC”	means HM Revenue and Customs, the UK tax authority;
“ICVC”	investment company with variable capital;
“Instrument of Incorporation”	the instrument of incorporation of the Company as amended from time to time;
“Investment Manager”	Activus Wealth Ltd, the investment manager to the ACD in respect of the Company;
“IRS”	means Inland Revenue Service, the US tax authority;
“Net Asset Value” or “NAV”	the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation;
“OECD”	means Organisation for Economic Co-operation and Development;
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
“OTC”	over the counter;
“Register”	the register of Shareholders of the Company;
“Registrar”	Maitland Institutional Services Ltd or such other entity as is appointed to act as Registrar to the Company from time to time;
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);
“Regulations”	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
“Rules”	the FCA Rules and any other regulations that may be made under section 626 of the Act and for the time being in force;
“Scheme Property”	the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary;
“SDRT”	stamp duty reserve tax;
“Share” or “Shares”	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
“Shareholder”	a holder of registered Shares in the Company;
“Sub-fund” or “Sub-funds”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated in accordance with the Regulations and which is invested in accordance with the

	investment objective applicable to such sub-fund;
“Switch”	the exchange where permissible of Shares of one Class or Sub-fund for Shares of another Class or Sub-fund and “Switching” shall be interpreted accordingly;
“UCITS Directive”	The European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) as amended;
“UCITS scheme”	a scheme constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK);
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
“US Person”	is a person as described in any of the following paragraphs: <ol style="list-style-type: none"> 1. With respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act. The Regulation S definition is set forth below. Even if you are not considered a US Person under Regulation S, you can still be considered a “US Person” within the meaning of this Prospectus under Paragraphs 2, 3 and 4, below; 2. With respect to any person, any individual or entity that would be excluded from the definition of “Non-United States person” in Commodity Futures Trading Commission (“CFTC”) Rule 4.7. The definition of “Non-United States person” is set forth below; 3. With respect to individuals, any US citizen or “resident alien” within the meaning of US income tax laws as in effect from time to time. Currently, the term “resident alien” is defined under US income tax laws; or 4. With respect to persons other than individuals, (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the authority to control all substantial decisions of the trust and (iii) an estate which is subject to US tax on its worldwide income from all sources;

Regulation S definition of US Person

1. Pursuant to Regulation S of the 1933 Act,

“U.S. Person” means:

- (i) any natural person resident in the United States;
 - (ii) any partnership or corporation organised or incorporated under the laws of the United States;
 - (iii) any estate of which any executor or administrator is a US person;
 - (iv) any trust of which any trustee is a US person;
 - (v) any agency or branch of a foreign entity located in the United States;
 - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
 - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
 - (viii) any partnership or corporation if:
 - (A) organised or incorporated under the laws of any non-US jurisdiction; and
 - (B) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts;
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a “US Person”;
3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a “US Person” if:
- (i) an executor or administrator of the estate who is not a US Person has

- sole or shared investment discretion with respect to the assets of the estate; and
- (ii) the estate is governed by non-US law;
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a "US Person" if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
 5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";
 6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:
 - (i) the agency or branch operates for valid business reasons; and
 - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
 7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

The ACD may amend the definition of "US Person" without notice to Shareholders as necessary in order best to reflect then-current applicable US law and regulation.

"Non-United States persons" definition

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered "Non-United States persons":

1. a natural person who is not a resident of the United States or an enclave of the US

government, its agencies or instrumentalities;

2. a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;
3. an estate or trust, the income of which is not subject to US income tax regardless of source;
4. an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that shares/units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
5. a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

“Valuation Point”

the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 noon London time on each Dealing Day, with the exception of a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;

“VAT”

value added tax;

“1933 Act”

the United States Securities Act of 1933 (as amended or re-enacted from time to time); and

“1940 Act”

the United States Investment Company Act of 1940 (as amended or re-enacted from time to time).

2. DETAILS OF THE COMPANY

2.1 General information

2.1.1 General

MI Activus Wealth Funds is an investment company with variable capital incorporated in England and Wales under registered number IC001066 and Product Reference Number 748604, authorised by the Financial Conduct Authority with effect from 30 June 2016. The Company has an unlimited duration.

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

The ACD is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix 4.

At the date of this Prospectus, the Company only has one Sub-fund, the MI Activus Investment Fund. Further Sub-funds may be established from time to time.

2.1.2 Head Office

The head office of the Company is at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

2.1.3 Address for Service

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

2.1.4 Base Currency

The base currency of the Company and each Sub-fund is Pounds Sterling.

2.1.5 Share capital

Maximum: £100,000,000,000.00

Minimum: £1.00

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

Shares in the Company may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

Each of the Sub-funds of the Company from time to time is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses.

The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund(s). For these purposes, the ACD may consider an investor's trading history in the Sub-fund(s) or other Maitland Institutional Services Ltd funds and accounts under common ownership or control.

2.1.6 Investment objectives and policy

The investment objective and investment policy for the Fund is set out in Appendix 1.

2.2 The structure of the Company

2.2.1 The Sub-funds

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund or Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Class.

The Company is a UCITS scheme.

Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund. Details of the Sub-funds, including their investment objectives, policies and Product Reference Numbers, are set out in Appendix 1.

The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in Appendix 2. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix 3.

Each Sub-fund is a segregated portfolio of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please also see paragraph 5.5 below.

Where any changes are proposed to be made to the Company or any Sub-fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. If the change is regarded as fundamental, Shareholder approval of the Company or relevant Sub-fund will be required. If the change is regarded as significant, 60 days' prior written notice will be given to relevant Shareholders. If the change is regarded as notifiable, relevant Shareholders will receive suitable notice of the change.

2.2.2 Shares

Classes of Share within the Sub-funds

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class in each Sub-fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and

in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Sub-fund or Class, a revised prospectus will be prepared, setting out the details of each Sub-fund or Class.

The base currency in which each new Class of Shares will be denominated will be determined at the date of creation and set out in the prospectus issued in respect of the new Class of Shares.

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund. The Company as a whole will be responsible for all obligations, whichever Sub-fund such liabilities are attributable to, unless otherwise agreed with specific creditors.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

The Company may issue income and accumulation Shares in respect of each Sub-fund. The Share Classes that may be issued and their criteria for subscription in respect of each Sub-fund are set out in Appendix 1.

Shares in the Company are not currently listed on or dealt in on any investment exchange. Title to Shares is evidenced by the entry on the Register. Shareholders may, but need not, support an instruction to the ACD by enclosing the contract notice or the most recent annual statement or copies of such documents. Share Certificates are not issued to Shareholders.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently no gross Shares are in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. Details as to whether gross and/or net Shares are available in any Sub-fund are set out in Appendix 1. All references to Shares in this Prospectus are to net Shares unless otherwise stated.

Gross Shares are available only to investors who qualify for the gross payment of income distributions or accumulations. These include certain pension funds, charities and managers of ISAs. For complete information, please refer to Part 4 of the Authorised Investment Funds (Tax) Regulations 2006.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.4 (Switching).

3. **BUYING, REDEEMING AND SWITCHING SHARES**

The dealing office of the ACD is normally open from 8.30 a.m. to 4.30 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 8.30 a.m. and 4.30 p.m. (London time) directly to the office of the ACD (telephone: 0345 026 4285, fax: 0845 299 1760 or email: activus@phoenixfundservices.com or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

A request for dealing in Shares must be received by 12.00 noon on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In its dealings in Shares of the Sub-funds the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

3.1 **Money laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

3.2 **Buying Shares**

3.2.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the ACD.

Investors wishing to purchase gross Shares where available must complete a Declaration of Eligibility and Undertaking, which may be obtained from the ACD.

Valid applications to purchase Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.10.

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

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made, are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Payment in full should be made no later than the fourth Business Day after the date of purchase, and the ACD reserves the right to require payment in advance.

The ACD may charge £50 each time a trade is not fulfilled on settlement date. The ACD reserves the right to apply interest charges at 2% above the Bank of England Base Rate on the value of any settlement received later than the settlement date. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

3.2.2 Documents the buyer will receive

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Settlement is due within 4 Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Tax certificates in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

3.2.3 Minimum subscriptions and holdings

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share in a Sub-fund are set out in Appendix 1.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, Switch or transfer, a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has the discretion to effect a redemption of that Shareholder's entire holding in that Class of Share. The ACD may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or transfer does not remove this right.

3.3 Redeeming Shares

3.3.1 Procedure

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid instructions to the ACD to redeem Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.10.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

Shareholders are entitled to Switch, transfer and redeem Shares at any time, however, as principal the ACD will acquire Shares on a first in first out basis.

For details of dealing charges see paragraph 3.5 below.

3.3.2 Documents a redeeming Shareholder will receive

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by cheque to the first named Shareholder (at their risk), or, at the ACD's discretion, via telegraphic transfer in accordance with any instruction received (the ACD may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title and any required anti-money laundering related documentation, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

3.3.3 Minimum redemption

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Sub-fund to be

redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix 1).

3.3.4 **Deferred Redemption**

If a Shareholder requests the redemption of Shares equal to 10% or more of the number of Shares of a particular Sub-fund in issue on any Dealing Day, the Company may at its absolute discretion, hold over or defer the redemption of such numbers of Shares as exceeds 10%. If the Company refuses to redeem Shares for this reason, the redemption request shall be reduced accordingly and the Shares to which such request relates which are not redeemed shall be redeemed on the subsequent Dealing Day in priority to any redemption request received thereafter, subject to the same 10% limit, until all of the Shares to which the original redemption request related have been redeemed.

If outstanding redemption requests from all holders of Shares of a particular Sub-fund on any Dealing Day total an aggregate of more than 10% of the Net Asset Value of all the Shares of such Sub-fund in issue on such Dealing Day, the Company shall be entitled at its discretion to refuse to redeem such number of Shares in issue in that series on that Dealing Day in excess of 10% in respect of which redemption requests have been received as the Directors shall determine. If the Company refuses to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that the Company shall not be obliged to redeem Shares representing more than 10% of the Net Asset Value of a particular Sub-fund outstanding on any Dealing Day, until all the Shares of the Sub-fund to which the original request related have been redeemed.

3.4 **Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time Switch all or some of his Shares of one Class or Sub-fund (“**Original Shares**”) for Shares of another Class or Sub-fund (“**New Shares**”) in the Company. 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.

A request to Switch may be made in writing to the dealing office of the ACD. 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 Switching is effected.

The ACD may at its discretion make a charge on the Switching of Shares between Sub-funds or Classes. Any such charge on Switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 3.5.3 “Charges on Switching”.

If a partial Switch 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 Switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-fund or Sub-funds concerned 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. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Sub-fund or Sub-funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that under UK tax law a Switch of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.

A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

3.5 Dealing Charges

The price per Share at which Shares are bought, redeemed or Switched is the Net Asset Value per Share. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

3.5.1 Initial charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund as set out in Appendix 1. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Class may only be increased in accordance with the Regulations.

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries including the Investment Manager and its Associates.

3.5.2 Redemption charge

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

The ACD may only introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

3.5.3 Charges on Switching

On the Switching of Shares between Sub-funds or Classes in the Company, the Instrument of Incorporation authorises the Company to impose a charge on Switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on Switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on Switching between Sub-funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares. There is currently no charge for Switching Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund.

3.5.4 Dilution Levy

The actual cost of purchasing, selling or Switching underlying investments in a Sub-fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Sub-fund's underlying investments. These dealing costs could have an adverse effect on the value of a Sub-fund, known as "**dilution**". In order to mitigate the effect of dilution the Regulations allow the ACD to make a "**dilution levy**" on the purchase, redemption or Switch of Shares in a Sub-fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the relevant Sub-fund.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Sub-fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "**large deals**" (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections the ACD may need to charge a dilution levy 2-4 times a year. If a dilution levy is required then, based on future projections the estimated rate of such a levy would be up to 1%. On the occasions when a dilution levy is not applied, there may be an adverse impact on the total assets of the relevant Sub-funds.

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

3.5.5 Stamp duty reserve tax ("SDRT")

The SDRT charge on the surrender of shares in an ICVC applies only to an in specie redemption of shares made otherwise than on a pro rata basis. A surrender of Shares to the Company should therefore generally be exempt from SDRT. Where a chargeable transaction occurs the Shareholder will be liable for SDRT at 0.5% of the consideration given for those Company assets which are subject to SDRT acquired on redemption.

A charge to SDRT may also arise in relation to any third party transfer for value, payable by the third party transferee and calculated at 0.5% of the consideration given.

3.6 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 instruments of transfer must be returned to the ACD in order for the transfer to be

registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

3.7 **Restrictions, Compulsory Transfer, Redemption and Conversion**

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 Company incurring any liability to taxation which the Company 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, transfer or Switching of Shares.

If it comes to the notice of the ACD that any Shares (“**affected Shares**”):

- 3.7.1 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
- 3.7.2 would result in the Company incurring any liability to taxation which the Company 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
- 3.7.3 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;

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.

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.

The ACD may convert all outstanding Shares of one Class in a Sub-fund into another Class of Shares in the same Sub-fund if, after consultation with the Depositary, it concludes it is in the best interests of Shareholders to do so, and subject to giving such notice (if any) to Shareholders as may be required in accordance with the Regulations.

Class Z Shares are only available to clients of Activus Wealth Ltd. If a Shareholder ceases to be a client of Activus Wealth Ltd, the ACD may convert any Shares of such Shareholder which are Class Z Net Accumulation Shares or Class Z Net Income Shares into Class A Net Accumulation Shares or Class A Net Income Shares respectively in the relevant Sub-fund, subject to giving such notice (if any) to such Shareholder as may be required in accordance with the Regulations.

3.8 **Issue of Shares in exchange for in specie assets**

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the

Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

3.9 **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an '**in specie transfer**'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer, so that the Shareholder can require the net proceeds from the sale of the relevant Scheme Property (rather than the Scheme Property itself) if the Shareholder so desires.

The ACD will select the property to be transferred in consultation with the Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

The ACD may retain out of the property to be transferred property or cash of a value equivalent to any stamp duty or stamp duty reserve tax to be paid on the redemption of the Shares.

3.10 **Suspension of dealings in Shares**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Sub-fund or Sub-funds.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where Shares are offered for sale.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

3.11 **Electronic Communications**

At present, transfer or renunciation of title to Shares by electronic communication is not accepted.

3.12 **Electronic Verification**

The Money Laundering Regulations 2007, The Proceeds of Crime Act, The FCA Senior Management Arrangements Systems & Controls Sourcebook and joint Money Laundering Steering Group Guidance Notes (which are updated from time to time) state that the ACD must check an applicant's identity and the source of the money invested. The ACD may also request verification documents from parties associated with the applicant. In some cases, documentation may be required for officers performing duties on behalf of applicants who are bodies corporate. The checks may include an electronic search of information held about the applicant (or an associated party) on the electoral role and using credit reference agencies. The credit reference agency may check the details the applicant (or an associated party) supplies against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although that is only to verify identity and will not affect the applicant's (or an associated party's) credit rating. They may also use the applicant's (or an associated party's) details in the future to assist other companies verification purposes. In applying for Shares an applicant is giving the ACD permission to ask for this information in line with the Data Protection Act 1998. If an applicant invests through a financial adviser they must fill an identity verification certificate on their behalf and send it to the ACD with the application.

3.13 **Client Money**

Moneys received by the ACD in the form of cheques or other remittances in respect of applications for Shares which are not accepted or rejected by the following Dealing Day for Subscription are, pending acceptance or rejection, paid into a client money accounts maintained by the ACD with Barclays Bank PLC. No interest is payable by the ACD on moneys credited to this account.

3.14 **Governing law**

All deals in Shares are governed by the law of England and Wales.

4. **VALUATION OF THE COMPANY**

4.1 **General**

The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of a Sub-fund is currently calculated at 12.00 noon (London time) (this being the Valuation Point) on each Dealing Day.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares of each Class of each Sub-fund and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

4.2 Calculation of the Net Asset Value

The value of the Scheme Property shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

- 4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- 4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- 4.2.2.1 Units or shares in a collective investment scheme:
- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
 - (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
 - (c) 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 or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.2 Any other transferable security:
- (a) if a single price for buying and redeeming the security is quoted, at that price; or
 - (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
 - (c) 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 or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:
- 4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off

- exchange option the method of valuation shall be agreed between the ACD and the Depositary;
- 4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
- 4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme 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 if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

4.3 **Price per Share in each Sub-fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-fund in question calculated in accordance with the Instrument of Incorporation.

4.4 **Pricing basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

4.5 **Publication of Prices**

The prices of all Shares are published on the website of the ACD: www.maitlandgroup.com. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD. The prices of Shares may also be obtained by calling 0345 026 4285 during the ACD's normal business hours.

5. **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Sub-funds, in those Sub-funds).

5.1 **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

5.2 **Effect of Initial Charge or Redemption Charge**

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

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

The Shares therefore should be viewed as medium to long term investments.

5.3 **Dilution**

A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

5.4 **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.

5.5 Liabilities of the Company

Each Sub-fund is a segregated portfolio of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Sub-fund, and shall not be available for any such purpose.

Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

Although each Sub-fund will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the event that assets or liabilities are not attributable to any particular Sub-fund, the Company may allocate such amounts between the Sub-funds of the Company in a manner which it believes is fair to the Shareholders generally.

A Shareholder is not liable to make any further payment to the Company or Sub-fund after he has paid the price on purchase of the Shares.

5.6 Currency Exchange Rates

Currency fluctuations may adversely affect the value of a Sub-fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

5.7 Derivatives and volatility

The prices of derivative instruments, including futures, options and swap prices, can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations. The use of these techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the price movements of the derivatives and price movements of related instruments, (3) the fact that skills needed to use these instruments are different from those needed to select the securities owned by the Company, (4) the possible absence of a liquid market for any particular instrument at any particular time; which may result in possible impediments to effective portfolio management or the ability to meet redemption. The Company may invest in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

The Company may from time to time utilise both exchange-traded and over-the-counter credit derivatives, such as credit default swaps as part of its investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of the funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

Unless otherwise stated in Appendix 1 in respect of a Sub-fund, it is intended that each of the Sub-funds can use derivatives in accordance with the Rules for the purpose of meeting their investment objective and for EPM (including hedging). The use of derivatives and forward transactions for the purpose of meeting a Sub-fund's investment objectives may increase the risk profile of that Sub-fund.

5.8 Derivative Techniques

The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to over the counter ("OTC") derivatives; for example a Sub-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 COLL Sourcebook also permits a Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

5.9 Counterparty and Settlement

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

5.10 Counterparty Risk in Over-the-Counter Markets

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

5.11 Equity swaps

An equity swap, often referred to as a contract for difference or 'CFD', is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the positive difference between the current value of an asset (a security, instrument, basket or index) and its value when the contract was first entered into. If the difference is negative, then the buyer pays this amount to the seller. Equity swaps allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date. Unlike shares, with equity swaps, the buyer is potentially liable for more than the amount they paid on margin. The Sub-fund will therefore employ risk management techniques to ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from equity swaps and other techniques and instruments.

5.12 Short sales

A short sale involves the sale of a security that the Sub-fund does not physically own in the expectation of purchasing the same security at a later date at a lower price to secure a profit. The COLL Sourcebook prohibits the short selling of physical securities but allow the creation of synthetic-short positions through the use of cash settled derivatives such as equity swaps (or CFDs), as long as any exposure created is covered by the assets of the Sub-fund. The establishment and maintenance of a synthetic short position in equities can involve greater risks

than would be the case with a long position. These include the possibility of unlimited loss due to potentially unlimited price appreciation in the securities concerned, problems associated with the cost or availability of stock to borrow for the purposes of short selling and possible difficulties in purchasing stock to cover short positions in certain market conditions.

5.13 **Market risk**

Each Sub-fund will be diversified, however, the underlying investments of a Sub-fund will be subject to normal market fluctuations and to the risks inherent in investments in collective investment schemes.

5.14 **Emerging Markets**

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

Fraudulent Securities – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

Currency Fluctuations – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Sub-fund may occur following the investment of the Company in these currencies. These changes may impact the total return of the Sub-fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

Settlement and Custody Risks – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

Investment and Remittance Restrictions – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Sub-fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

Accounting – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

The Company may invest in such markets.

5.15 **Credit and Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

5.16 **Liquidity**

In extreme market conditions it may be difficult for a Sub-fund to realise an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realising his investment or may incur a dilution levy.

Depending on the types of assets the Sub-funds invest in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

5.17 **Leverage**

A proportion of the capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying vehicles would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles could result in a substantial loss to capital that would be greater than if capital were not leveraged.

5.18 **Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See section 10 headed 'Taxation' for further details about taxation of the Sub-funds.

5.19 **Inflation and interest rates**

The real value of any returns that an investor may receive from the Sub-funds could be affected by interest rates and inflation over time.

5.20 **Custody**

Where the assets of the Sub-funds are held in custody, there may be a risk of loss that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

5.21 **Investment into a fund which then invests into other funds**

Where a Sub-fund's investment strategy includes making investments into other underlying target funds, fees (including performance fees) are usually charged by the manager of the underlying component funds. The underlying manager's fees are deducted from the underlying fund prior to the assets of the fund being valued. Consequently, any fees deducted by the manager of any chosen underlying fund are excluded from the published fee calculations for the fund of funds.

5.22 **Structured Products**

The Sub-funds may invest in structured products in accordance with COLL. For the purposes of the FCA's rules, structured products may be regarded as either transferable securities, collective investment schemes or derivatives depending on the product in question. The common feature of these products is that they are designed to combine the potential upside of market performance with limited downside. Structured products typically are investments which are linked to the performance of one or more underlying instruments or assets such as market prices, rates, indices, securities, currencies and commodities and other financial instruments that may introduce significant risk that may affect the performance of the Sub-funds.

It is not intended to use structured products in the context of the Sub-funds. However, in addition to providing exposure to the asset classes described in the investment objective, it is anticipated

that, if such use did take place, it should assist with keeping the volatility levels of the Sub-funds relatively low.

6. MANAGEMENT AND ADMINISTRATION

6.1 Regulatory Status

The ACD and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS. The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

6.2 Authorised Corporate Director

6.2.1 General

The ACD is Maitland Institutional Services Ltd which is a private company limited by shares incorporated in England and Wales on 18 May 2007.

The directors of the ACD are:-

P J Foley-Brickley

S Georgala

R W Leedham

R Ackermann

D Jones

No director, other than S Georgala, is engaged in any significant business activity not connected with the business of the ACD or other Maitland Institutional Services subsidiaries. S Georgala also holds directorships of other companies within the Maitland Group, and is engaged in significant activities within these companies.

Registered Office:	Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Principal Place of Business:	Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Share Capital:	It has a share capital of £950,000 issued and paid up.
Ultimate Holding Company:	Maitland International Holdings PLC, a company incorporated in Malta.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including associates subject to the rules in the COLL Sourcebook.

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 0 below). The ACD has, in terms of a separate distribution agreement, delegated to the Investment Manager the responsibilities for distribution and marketing of the Shares (hereafter the "Distributor"), and pursuant to which the Distributor has the right to appoint sub-distributors upon terms acceptable to the ACD. It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below).

6.2.2 Terms of Appointment

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the “**ACD Agreement**”). A copy of the Agreement is available to investors and will be sent on request.

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD’s responsibilities.

The appointment of the ACD may be terminated either by resolution of the Company in a general meeting at any time upon 6 months’ prior written notice to the ACD (provided that no such notice takes effect until the appointment of a successor authorised corporate director), or if the ACD ceases for any reason to be the Company’s authorised corporate director. The appointment of the ACD may be terminated earlier upon the happening of certain specified events.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company for various acts or omissions, except to the extent that the Company suffers loss by the ACD’s negligence, default, breach of duty or breach of trust in its performance of duties and obligations under the ACD Agreement.

The ACD Agreement provides indemnities to the ACD against all actions, claims, costs, expenses, charges, losses, damages and liabilities incurred or suffered by the ACD, in or about the execution or exercise of its powers or duties or authorities or discretions as ACD, other than in respect of its negligence, default, breach of duty or breach of trust, or to the extent that it is a liability which has been actually recovered from another person.

Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7 “Charges payable to the ACD” below.

The ACD is under no obligation to account to the Company for any profit it makes in connection with any business similar to, or in competition with, the Company.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies, details of which are set out in Appendix 4.

6.3 The Depositary

6.3.1 General

The Depositary of the Company is Northern Trust Global Services Limited a private company limited by shares, incorporated in England and Wales on 11 June 2003 with registered number 4795756. Its registered office and its principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom.

The Depositary’s ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Illinois, United States of America.

The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation 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 Sub-funds. The Depositary is also responsible for monitoring the cash flows of the Sub-funds, and must ensure

that certain processes carried out by the ACD are performed in accordance with the FCA Handbook, this Prospectus and the Instrument of Incorporation.

6.3.2 **Terms of Appointment**

The appointment of the Depositary has been made under an agreement between the ACD and the Depositary (the “**Depositary Agreement**”).

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

Subject to the Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its duties as Depositary. It has delegated custody services to The Northern Trust Company, London Branch.

The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Company may invest. A list of sub-custodians is given in Appendix 6. Investors should note that the list of sub-custodians is updated only at each Prospectus review. An updated list of sub-custodians is maintained by the ACD at www.maitlandgroup.com/subcustodians.

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

The Depositary and the Custodian will receive a fee from the Scheme Property of the Sub-funds as detailed in section 7.3 below.

6.4 **The Investment Manager**

6.4.1 **General**

The ACD has appointed the Investment Manager, Activus Wealth Ltd, to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Manager’s registered office is at 100 St Paul’s Churchyard, London EC2M 8BU.

The principal activity of the Investment Manager is the provision of wealth management services.

6.4.2 **Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management in accordance with the investment objectives of the Sub-funds, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager’s report half yearly for inclusion in the Company’s Report for circulation to Shareholders. The Agreement may be terminated by either party on not less than six months’ written notice or earlier upon the happening of certain specified events, or immediately if the ACD considers that it is in the interests of the Shareholders to do so.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

6.5 The Registrar

6.5.1 General

The ACD acts as registrar to the Company.

The registered office of the Registrar is Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

The register is kept and maintained at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

6.5.2 Register of Shareholders

The Register of Shareholders will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

6.6 The Auditors

The auditors of the Company are KPMG LLP, whose address is 15 Canada Square, Canary Wharf, London E14 5GL.

6.7 Conflicts of Interest

The ACD, the Investment Manager and other companies within the ACD's and/or the Investment Manager's group may, from time to time, act as managers, investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Instrument of Incorporation the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of shareholders collectively so far as practicable, having regard to its obligations to other clients.

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the Depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

7. FEES AND EXPENSES

7.1 Charges payable to the ACD

7.1.1 Annual Management Charge

The ACD is entitled to an annual management charge for its services as ACD, in addition to the charges described below and in paragraphs 3.5.1 (Initial charge), 3.5.2 (Redemption charge) and 3.5.3 (Charges on Switching). The annual management charge is calculated and accrued daily and is payable monthly and is calculated by reference to the Net Asset Value of the Sub-funds as at the preceding Valuation Point.

The rate of the ACD's annual management charge is calculated on a sliding scale for each Sub-fund on the following basis, except where stated to the contrary in Appendix 1:

- 0.07% per annum for the first £50,000,000 in value of the Scheme Property of the relevant Sub-fund;
- 0.05% per annum on the next £50,000,000 in value of the Scheme Property of the relevant Sub-fund; and
- 0.03% per annum on the value of the Scheme Property of the relevant Sub-fund thereafter.

The annual management charge is subject to a minimum of £15,000 per Sub-fund per annum, or £20,000 if there is only one Sub-fund.

7.1.2 Valuation, Accounting and Investment Operations Charge

In addition to the annual management charge fee referred to above, the ACD shall also be entitled to be paid a fee in respect of fund valuation, accounting and investment operations, calculated on a sliding scale for each Sub-fund on the following basis:

- 0.09% per annum for the first £50,000,000 in value of the Scheme Property of the relevant Sub-fund;
- 0.07% per annum on the next £50,000,000 in value of the Scheme Property of the relevant Sub-fund;
- 0.05% per annum on the next £100,000,000 in the value of the Scheme Property of the relevant Sub-fund; and
- 0.03% per annum on the value of the Scheme Property of the relevant Sub-fund thereafter.

The fund valuation, accounting and investment operations fee is subject to a minimum of £25,000 per Sub-fund per annum.

The ACD is also entitled to a management accounting fee of £3,500 per Sub-fund per annum.

In the event that income distributions are made more frequently than as stated in Appendix 1 in respect of a Sub-fund, a fee of £1,000 will be levied on the relevant Sub-fund in respect of each additional distribution made for that Sub-fund. In the event that more than two share classes (each of which may be comprised of Income and Accumulation Shares) are launched for any Sub-fund, a fee of £7,500 per annum will be levied on the relevant Sub-fund in respect of each additional share class of that Sub-fund.

In the event that performance fees were to be introduced and calculated in the daily NAV then the ACD would make an additional charge of 0.02% for fund valuation and accounting with an increase to the minimum fee of £5,000 per Sub-Fund per annum.

7.1.3 Registration Fees

The ACD is entitled to receive a fee out of the Scheme Property of each Sub-fund for providing registration services. Such fee is payable monthly in arrears.

The fees payable to the ACD for the establishment and maintenance of the register are as follows: an amount equal to 0.02% of the net asset value of the relevant Sub-fund, calculated monthly subject to a minimum of £10,000 per annum per Sub-fund.

Fees and expenses in respect of dealing in Shares of the Sub-fund will be subject to charges of:

Electronic	£10
Manual	£20
Complex	£100

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

7.1.4 VAT

VAT is payable on the ACD's charges mentioned above, where appropriate.

7.2 Increase in the Charges payable to the ACD

Any increase in the ACD's charges will be carried out in accordance with the Regulations. The ACD will give Shareholders at least 60 days' notice of any material increases in fees.

7.3 Depositary's fee and expenses

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

- 0.03% per annum for the first £100,000,000 in value of the Scheme Property;
- 0.02% per annum on the next £150,000,000 in value of the Scheme Property; and
- 0.01% per annum on the value thereafter.

The annual fee is subject to a minimum of £10,000 per annum per Sub-fund.

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

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

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

Item	Range
Transaction Charges	£6 to £200.
Custody Charges	0.005% to 0.70%. Minimum £7,500 per annum per Sub-fund.

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

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

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

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

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

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

7.4 **Investment Manager's fee**

The Investment Manager's fees and expenses (plus any VAT thereon) are paid out of the Scheme Property of the Fund at the annual percentage rates set out in Appendix 1.

7.5 **Other Expenses**

The following expenses may also be paid out of the Scheme Property of the Company or each Sub-fund (as the case may be) so far as permitted by the COLL Sourcebook:

- 7.5.1 any costs and expenses incurred in incorporating and authorising the Company, any Sub-funds and Share Classes at and after the initial establishment but within the first accounting year of the Company, including the initial offer and issue of Shares. Such costs will be apportioned on a straight line basis over the first accounting year of the Company and where there is more than one Sub-fund or Share Class, apportioned according to the Net Asset Value of the appropriate Sub-fund of Share Class;
- 7.5.2 broker's commission, fiscal charges and other disbursements (including stamp duty and/or stamp duty reserve tax) which are necessary to be incurred in effecting transactions for the Sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.5.3 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.5.4 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.5.5 any cost incurred in producing and dispatching payments made by the Company or a Sub-fund (as the case may be), or the yearly and half yearly reports of the Company;
- 7.5.6 any costs incurred in preparing, translating, producing (including printing), distributing and modifying any instrument of incorporation, any prospectus, any key investor information document (apart from the cost of distributing the key investor information

- document), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
- 7.5.7 any costs incurred as a result of periodic updates of or changes to any prospectus, key investor information document or instrument of incorporation;
 - 7.5.8 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
 - 7.5.9 any costs incurred in taking out and maintaining an insurance policy in relation to the Company and the ACD;
 - 7.5.10 any costs incurred in respect of meetings of Shareholders convened for any purpose;
 - 7.5.11 any liability arising after the transfer of property to another authorised fund in consideration of units or shares in such other fund in accordance with COLL 6.7.15R;
 - 7.5.12 interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
 - 7.5.13 taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
 - 7.5.14 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
 - 7.5.15 periodic fees of the FCA, together with any corresponding fees of any regulatory authority in a country or territory outside the UK in which Shares in the Sub-funds are or may be marketed;
 - 7.5.16 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 Company;
 - 7.5.17 any expense incurred in relation to each dealing transaction of Shares of the Company by way of example, including the cost of telephone, fax, postage and bank charges required to process a dealing transaction;
 - 7.5.18 any payment otherwise due by virtue of a change to the Regulations;
 - 7.5.19 any costs incurred which are associated with independent risk monitoring or daily “value at risk” or “VaR” calculations (part of the risk monitoring process);
 - 7.5.20 any costs incurred in amending the Instrument of Incorporation or this Prospectus including costs in respect of meetings of shareholders and/or directors convened for the purposes which include the purpose of amending the Instrument of Incorporation or this Prospectus;
 - 7.5.21 payments or costs in relation to the preparation of the key investor information document (either in respect of the Company or a Sub-fund);
 - 7.5.22 any VAT or similar tax relating to any charge or expense set out herein; and
 - 7.5.23 any other payment permitted to be paid out of the Scheme Property under the Regulations as provided for in the Instrument of Incorporation of the Company.

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

The establishment costs of any Sub-fund launched after the issue of this Prospectus may be borne by that Sub-fund.

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

Further charges for taxation may be paid out of the Scheme Property as described in Section 10 below.

7.6 Charges to income or capital

Expenses are allocated between capital and income in accordance with the Regulations. The applicable policy for each Sub-fund is set out in Appendix 1. Where expenses are deducted in the first instance from income if, and only if, this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 3.5.5 “Stamp Duty Reserve Tax”). If deductions were made from capital, this could have an adverse effect on a Sub-fund’s capital and constrain growth.

If a Class’s expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

7.7 Allocation of fees and expenses between Sub-funds

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred. This includes any charges and expenses incurred in relation to the Register of Shareholders, except that these will be allocated and charged to each class of Shares on a basis agreed between the ACD and the Depositary.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated in a manner which the ACD considers fair to Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

8. INSTRUMENT OF INCORPORATION

The Instrument of Incorporation is available for inspection at the ACD’s offices at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

9. SHAREHOLDER MEETINGS AND VOTING RIGHTS

9.1 Class, Company and Sub-fund Meetings

The Company has dispensed with the requirement to hold annual general meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Sub-fund concerned and the Shareholders and value and prices of such Shares.

9.2 Requisitions of Meetings

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

9.3 Notice and Quorum

Shareholders will receive at least 14 days’ notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

9.4 Voting Rights

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at a reasonable date, before the notice of meeting is sent out, such date to be decided by the ACD.

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

In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

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

Where all the Shares in a Sub-fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

“**Shareholders**” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

9.5 Variation of Class or Sub-fund rights

The rights attached to a Class or Sub-fund may be varied in accordance with the COLL Sourcebook.

Fundamental changes to the Company can only be made with the passing of an extraordinary resolution of Shareholders. A fundamental change is a change or event which changes the purposes or nature of the Company or the Sub-funds, or may materially prejudice a Shareholder, or alters the risk profile of the Company or a Sub-fund, or introduces any new type of payment out of the scheme property. Any change may be fundamental depending on its degree of materiality and effect on the Company or a Sub-fund and its Shareholders.

10. TAXATION

10.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, all of which are subject to change. It summarises the tax position of the Company and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and/or the place

where the Scheme Property is invested. The following tax summary is not a guarantee to any investor of the tax results of investing in the Company. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

10.2 **The Company**

The Company is an ICVC and each Sub-fund is treated as an authorised investment fund for tax purposes. Each Sub-fund is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments.

Dividends received by the Company will generally be exempt from corporation tax. The Company will be subject to corporation tax on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where a Sub-fund suffers foreign tax on income received, this may normally be deducted from the United Kingdom tax due on that income.

Each Sub-fund will make dividend distributions except where more than a certain percentage of its property has been invested throughout the distribution period in interest-paying investments, in which case it will make interest distributions.

10.3 **Shareholders**

10.3.1 **Dividend Income**

Individuals whose overall dividend income, including dividend distributions received from the Company, does not exceed £5,000 should have no further tax liability in relation to the distributions regardless of the rate at which they normally pay income tax. To the extent that distributions are received in excess of an individual's £5,000 allowance, basic, higher and additional rate taxpayers will have to pay income tax on the distributions received at a rate of 7.5%, 32.5% and 38.1% respectively.

10.3.2 **Interest income**

Where the Company pays an interest distribution (which will be automatically retained in the Company in the case of accumulation Shares) this will be net of the basic rate of tax. Non taxpayers may reclaim the tax credits on interest distributions paid, and taxpayers who benefit from the 0% savings rate may reclaim all or part of them depending on their income from other sources.

Shareholders who hold Shares in an Individual Savings Account (“ISA”) will be exempt from income tax on dividend and interest distributions in respect of such Shares.

10.3.3 **Income equalisation**

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather, it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

10.3.4 **Tax Certificates**

A tax certificate will be issued in line with the income distribution dates set out in Appendix 1. This certificate should be retained for tax purposes as evidence for HM Revenue & Customs.

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to the Head of Shareholder Services.

10.3.5 **Capital Gains**

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares. The rate of tax, and available reliefs, will be as applicable from time to time.

An exchange of Shares in one Sub-fund of the Company for Shares in another Sub-fund will normally be treated as a disposal for this purpose. However, switches between Classes of Share in the same Sub-fund will not normally give rise to a disposal.

10.3.6 **Inheritance Tax**

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

Please note that the rules governing the inheritance tax position of investors who are not domiciled or deemed to be domiciled in the UK in relation to certain assets and the deemed domicile rules are currently subject to a government review.

10.3.7 **Automatic Information Exchange**

Under the International Tax Compliance Regulations 2015 which adopt the UK's reporting obligations under FATCA and the OECD Common Reporting Standard (CRS) into UK law, certain details of payments (which in the case of a collective investment fund may include payments made as a result of the sale and redemption of the fund's shares) made to the shareholders by an entity which constitutes a reporting financial institution for FATCA or CRS purposes and of the interests in the fund held by shareholders must be reported annually to HM Revenue & Customs.

10.3.8 **US Foreign Account Tax Compliance Act 2010 ("FATCA") and OECD Common Reporting Standard 2016 ("CRS")**

FATCA and CRS aim to promote cross-border tax compliance by implementing international standards for the automatic exchange of tax information relating to US taxpayers and taxpayers in CRS participating jurisdictions respectively.

Under the International Tax Compliance Tax Regulations 2015, which adopt the UK's reporting obligations under FATCA and CRS into UK law, the ACD is subject to certain reporting obligations in relation to Shareholders.

In order to comply with its FATCA and CRS reporting obligations, the ACD may be required to obtain certain information from Shareholders and prospective shareholders so as to ascertain their tax status. The ACD may further be required to report annually to HMRC certain information about the Shares held in the Fund or Funds by Shareholders who are, or who are controlled by a person or persons who are, tax resident in or citizens of the US or who are tax resident in a CRS participating country for FATCA and CRS purposes respectively, including details of payments

made to the Shareholder (which may include payments made as a result of the redemption of the Shareholder's Shares).

Under FATCA, if the Shareholder is a specified US person, a US owned non-US entity, nonparticipating FFI or does not provide the requisite documentation, the ACD will need to report information on these Shareholders and the Shares held by them to HMRC, in accordance with the applicable laws and regulations. HMRC will in turn report the relevant information to the IRS. Provided that the ACD acts in accordance with these provisions it will not be subject to withholding tax under FATCA.

Under CRS, if the Shareholder is tax resident in a CRS participating country or does not provide the requisite documentation, the ACD will need to report information on these Shareholders to HMRC, in accordance with applicable laws and regulations. As part of the automatic information exchange between the CRS countries, HMRC will report the relevant information to the responsible tax authorities. Within the European Union, CRS has been implemented by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 and became effective among most member states of the European Union on 1 January 2016.

Shareholders and intermediaries should note that it is the existing policy of the ACD that Shares are not being offered or sold for the account of US Persons or Shareholders who do not provide the appropriate FATCA information or who do not provide the appropriate CRS information. Subsequent transfers of Shares to US Persons are prohibited. If Shares are beneficially owned by any US Person or a person who has not provided the appropriate FATCA or CRS information as required, the ACD may in its discretion compulsorily redeem such Shares.

11. WINDING UP OF THE COMPANY OR A SUB-FUND

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may be terminated up under the COLL Sourcebook or wound up under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC Regulations) as an unregistered company.

Where the Company or a Sub-fund is to be wound up or terminated under the COLL Sourcebook, such winding up or termination 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 Company or Sub-fund) either that the Company or Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or Sub-fund will be unable to do so. The Company or Sub-fund may not be wound up or terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

- 11.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 11.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up; or
- 11.3 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 Company or for the termination of the relevant Sub-fund.

On the occurrence of any of the above:

- 11.4 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;

- 11.5 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
- 11.6 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;
- 11.7 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 11.8 the corporate status and powers of the Company, and subject to 11.4 to 11.7 above, the powers of the Depositary shall continue until the Company is dissolved.

The Company may be wound up or a Sub-fund terminated, at the ACD's discretion, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £5 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund.

The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up or terminated, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, 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 Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-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 Company or the particular Sub-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 Company or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.

Following the completion of a winding up of the Company or the termination of a Sub-fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The auditors of the Company 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 the Register within four months of the completion of the winding up or termination.

As the Company is an umbrella company, each Sub-fund may be terminated as if it were a separate open-ended investment company. Any liabilities attributable or allocated to a particular Sub-fund under the COLL Sourcebook shall be met out of the Scheme Property attributable or allocated to that particular Sub-fund.

12. GENERAL INFORMATION

12.1 Accounting Periods

The annual accounting period of the Company ends each year on 31 August (the accounting reference date) with an interim accounting period ending on the last day of February.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Sub-funds for which this policy is currently considered are set out in Appendix 1.

12.2 Notice to Shareholders

All notices or other documents to be served upon a Shareholder will be duly served if such notice or other document is sent by the ACD to the Shareholder by normal post to the last address notified in writing to the Company by the Shareholder.

Any notice or document served by post is deemed to have been served on the second business day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

12.3 Income Allocations

Some Sub-funds may have interim and final income allocations and other Sub-funds may have quarterly income allocations and some Sub-funds may only have final income allocation dates (see Appendix 1). For each of the Sub-funds income is allocated by the ACD in accordance with the Instrument of Incorporation and either paid, reinvested or accumulated to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date.

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by cheque or telegraphic transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix 1.

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

12.4 Annual Reports

The annual accounting period of the Company ends on 31 August in each year (the "**accounting reference date**") and the interim accounting period ends on the last day of February (the "**interim accounting reference date**") or such other date as the ACD may determine.

The Company's annual long report incorporating audited financial statements will be published within four months after the end of the financial year and the interim long report within two months of the end of the interim accounting period. Copies of the interim and annual long reports will be available on request from the ACD.

The ACD shall send a copy of the interim and annual reports to any Shareholder whose name appears on the share register as at the relevant accounting reference date or interim accounting reference date as permitted by the COLL Sourcebook. Copies of all reports to Shareholders will be available for inspection by the general public at the ACD's offices at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW.

12.5 Remuneration Policy

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

- 12.5.1 are consistent with and promote sound and effective risk management;
- 12.5.2 do not encourage risk taking which is inconsistent with the risk profiles or the instrument constituting the fund or the prospectus, as applicable, of the UCITS it manages;
- 12.5.3 do not impair the Company's compliance with its duty to act in the best interests of the UCITS it manages; and
- 12.5.4 include fixed and variable components of remuneration, including salaries and discretionary pension benefits.

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

12.6 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW:

- 12.6.1 the most recent annual and half yearly reports of the Company;
- 12.6.2 the Instrument of Incorporation (and any amending documents);
- 12.6.3 the material contracts referred to below; and
- 12.6.4 this Prospectus or the most recent version of the Prospectus

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and half yearly long reports of the Company which are available free of charge to anyone who requests them).

12.7 Material Contracts

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

- 12.7.1 the ACD Agreement between the Company, and the ACD; and
- 12.7.2 the Depositary Agreement between the Company, the ACD and the Depositary.

Details of the above contracts are given under section 6 "Management and Administration".

12.8 Provision of Investment Advice

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

12.9 Telephone Recordings

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

12.10 Complaints

Complaints concerning the operation or marketing of the Company may be referred to the Head of Compliance at the ACD at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. The website of the Financial Ombudsman Service is at www.financial-ombudsman.org.uk.

The Financial Services Compensation Scheme offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. The ACD is covered by the Financial Services Compensation Scheme. Investors may be entitled to compensation from the scheme if the ACD cannot meet its obligations. Most types of investment business are covered for 100% of the first £50,000 only. Further information is available from the Financial Services Compensation Scheme (FSCS) by contacting the FSCS Limited at 10th Floor Beaufort House, 15 St Botolph Street, London EC3A 7QU or via telephone: on 0800 678 1100 or 020 7741 4100.

12.11 Risk Management

The ACD will provide upon the request of a Shareholder further information relating to:

- 12.11.1 the quantitative limits applying in the risk management of any Sub-fund;
- 12.11.2 the methods used in relation to 12.11.1; and
- 12.11.3 any recent development of the risk and yields of the main categories of investment.

12.12 Indemnity

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

12.13 Genuine diversity of ownership

Shares in the Company are and will continue to be widely available. The intended categories of investors are retail investors and non-retail, professional investors. Different Share Classes of a sub-fund are issued to different types of investors.

Shares in the Company are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

APPENDIX 1

SUB-FUND DETAILS

Name:	MI Activus Investment Fund
Type of Sub-fund:	UCITS Scheme
Investment Objective and Policy:	The Fund aims to achieve capital growth before fees of at least the Bank of England Base Rate plus 5% with lower volatility than global equity market indices.

Investors should note that, notwithstanding that the objective is to achieve capital growth before fees of at least the Bank of England Base Rate plus 5%, capital is in fact at risk. The Fund aims to achieve a positive return over a 3 year period, however, there is no guarantee that a positive return will be achieved over that, or any, time period.

The investment manager will adopt a global multi-asset approach without the constraints of a formal benchmark. The fund will invest in collective investment schemes, listed investment companies and Exchange Traded Funds. Through such investments, the portfolio will achieve indirect exposure to a diversified range of asset classes. These asset classes will vary over time, but will be selected from the following: equities, fixed income, private equity, currencies, commodities, real estate and alternative investment strategies to the extent that each is permitted by the Regulations. The Fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash investments and derivatives. Derivatives may be used both for investment purposes and for Efficient Portfolio Management. The composition of the portfolio will reflect the investment manager's view of the potential future return of different underlying asset classes and specific investments and will be actively managed to take advantage of relative value and pricing inefficiencies.

Product Reference Number:	751387
Initial offer period	1 day
Initial share price:	£1
Final accounting date:	31 August
Interim accounting date:	Last day of February
Income distribution dates:	31 October (annual) and 30 April (interim)
Shares Classes and type of Shares:	Class A Net Accumulation Shares Class A Net Income Shares Class Z Net Accumulation Shares Class Z Net Income Shares (Class Z Shares are only available to clients of Activus Wealth Ltd)
Initial charge:	Class A: 0%

	Class Z: 0%
Redemption charge:	None
Switching charge:	Please refer to section 3.4
Investment Management Fee:	Class A: 1.00%
	Class Z: 0.00%
Annual management charge:	The rate of the ACD's annual management charge is calculated on a sliding scale on the following basis: <ul style="list-style-type: none"> • 0.07% per annum for the first £50,000,000 in value of the Scheme Property • 0.05% per annum on the next £50,000,000 in value of the Scheme Property • 0.03% per annum on the value of the Scheme Property thereafter. <p>The annual management charge is subject to a minimum of £20,000 (reducing to a minimum of £15,000 if there is more than one Sub-fund).</p>
Charges taken from Income or capital:	Income
Investment minima*:	
Lump sum	Class A: £1,000 Class Z: £1,000
Holding	Class A: £1,000 Class Z: £1,000
Redemption	N/A (provided minimum holding is maintained)

* The ACD may waive the minimum levels at its discretion.

Additional Information for Investors

No past performance is yet available as the Fund has only recently been launched. When available, the information will be set out in Appendix 5.

Investor profile

The investment is suitable for an investor who is seeking growth in real terms but gives priority to capital preservation and has an investment time horizon of at least three years. The target investor will seek a highly diversified portfolio with low volatility but will be willing to accept periods of under and over performance versus equity indices. The investment is not suitable for those investors who are looking for consistent exposure to specific global markets.

APPENDIX 2

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Sub-funds may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public (excluding Cyprus and Slovenia).

Each Sub-fund may also deal through the securities markets and derivatives markets indicated below:

Eligible Securities Markets

Australia	The Australian Stock Exchange
Canada	Montreal Exchange
	Toronto Stock Exchange
	TSX Venture Exchange
Hong Kong	Hong Kong Stock Exchanges
Japan	Tokyo Stock Exchange, 1st and 2nd Sections
	Osaka Securities Exchange
	Nagoya Stock Exchange
	Sapporo Stock Exchange
Korea	Korea Exchange Incorporated
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange (NZSE)
Singapore	Stock Exchange of Singapore (SES)
South Africa	JSE Securities Exchange
Switzerland	The Swiss Exchange (SWX)
Thailand	The Stock Exchange of Thailand (SET)
United Kingdom	The Alternative Investment Market (AIM)

APPENDIX 3

INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

The Scheme Property of a Sub-fund will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("**COLL 5**") that are applicable to UCITS retail schemes. These limits apply to each Sub-fund as summarised below.

Normally, a Sub-fund will be fully invested save for an amount to enable redemption of Shares, efficient management of a Sub-fund in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-funds.

The investment policy of a Sub-fund may mean that at times, where it is considered appropriate, the property of a Sub-fund will not be fully invested and that prudent levels of liquidity will be maintained.

1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of a Sub-fund, the property of a Sub-fund aims to provide a prudent spread of risk.

1.2 Cover

- (a) Where the COLL Sourcebook allow a transaction to be entered into or an investment to be retained only 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 (for example, investment nil and partly paid securities and the general power to accept or underwrite), it must be assumed that the maximum possible liability of a Sub-fund under any other of those rules has also to be provided for.
- (b) 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 transactions, or the retention, or other similar transactions, are covered:
 - (i) it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and
 - (ii) no element of cover must be used more than once.

1.3 Transferable Securities

- (a) A transferable security is an investment which is a share, a debenture, a government and public security, a warrant, or a certificate representing certain securities.
- (b) 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.
- (c) In applying paragraph (b) 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.
- (d) 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.
- (e) A unit or share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a UCITS scheme, provided it fulfils the criteria for transferable securities set out in COLL 5.2.7A R, and either:

- (i) where the closed end fund is constituted as an investment company or a unit trust:
 - (1) it is subject to corporate governance mechanisms applied to companies; and
 - (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
- (ii) where the closed end fund is constituted under the law of contract:
 - (1) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - (2) it is managed by a person who is subject to national regulation for the purpose of investor protection.

2. UCITS Scheme: General permitted types of Scheme Property

2.1 The Scheme Property of a Sub-fund must, except where otherwise provided in the COLL Sourcebook, only consist of any or all of:

- (a) transferable securities;
- (b) approved money market instruments;
- (c) permitted deposits;
- (d) permitted units in collective investment schemes;
- (e) permitted derivatives and forward transactions;
- (f) movable and immovable property that is essential for direct pursuit of the Company's business

A Sub-fund will not invest in movable and immovable property for the direct pursuit of its business.

2.2 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- (a) the potential loss which the Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- (b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder;
- (c) reliable valuation is available for it as follows:
 - (i) 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;
 - (ii) 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;
- (d) appropriate information is available for it as follows:

- (i) 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;
- (ii) 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 authorised fund manager on the transferable security or, where relevant, on the portfolio of the transferable security;
- (e) it is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACD.

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 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder and to be negotiable.

2.3 Transferable securities and approved money market instruments held within a Sub-fund must be:

- (a) admitted to or dealt in on an eligible market within paragraph 3.3 or 3.4 or dealt in on an eligible market within paragraph 3.3(b), 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), or approved money-market instruments not admitted to or dealt in on an eligible market which satisfy the requirements of paragraph 10.3;
- (b) not more than 10% in value of the Scheme Property of a Sub-fund is to consist of transferable securities and approved money market instruments that do not fall within sub-paragraph (a) above.

2.4 The requirements on spread and investment in transferable securities does not apply until the expiry of a period of six months after the date of which the authorisation order of the Sub-fund takes effect (or on which any initial offer period commenced, if later) provided that the requirement to maintain prudent spread of risk in paragraph 2.3 is complied with during such period.

2.5 Each Sub-fund may invest in units of other collective investment schemes, deposits or derivatives, or replicate an index subject to each Sub-fund's Appendix. Such investments are to be made in accordance with the COLL Sourcebook.

3. **Eligible markets regime: purpose**

3.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality ("**eligible**") at the time of acquisition of the investment and until it is sold.

3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. A 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

3.3 A market is eligible for the purposes of the rules if it is:

- (a) a regulated market as defined in the FCA Handbook; or
- (b) a market in an EEA State which is regulated, operates regularly and is open to the public.

3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:

- (a) the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
- (b) the market is included in a list in the Prospectus; and
- (c) the Depositary has taken reasonable care to determine that:
 - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
 - (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

3.5 In paragraph 3.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

4. **Spread: general**

4.1 This paragraph 4 on spread does not apply to government and public securities.

4.2 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.

4.3 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body.

4.4 In applying paragraph 4.3, the limit of 5% is raised to 10% in respect of up to 40% in value of the property of each Sub-fund. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.

4.5 The limit of 5% in 4.3 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when the Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Sub-fund.

4.6 In applying paragraph 4.3, 4.4 and 4.5 certificates representing certain securities are treated as equivalent to the underlying security.

4.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property; this limit being raised to 10% where the counterparty is an approved bank (as defined in the COLL Sourcebook).

4.8 Not more than 20% in value of Scheme Property is to consist of units of any one collective investment scheme.

4.9 Not more than 20% in value of the property of each Sub-fund is to consist of transferable securities and approved money market instruments issued by the same group.

4.10 In applying the limits in 4.2, 4.3, 4.4, 4.6 and 4.7, and subject to 4.5, not more than 20% in value of the property of the Sub-fund is to consist of any combination of two or more of the following:

- (a) transferable securities or approved money-market instruments issued by; or
 - (b) deposits made with; or
 - (c) exposures from OTC derivatives transactions made with;
- a single body.

5. **Counterparty Risk and Issuer Concentration**

- 5.1 An authorised fund manager of a UCITS scheme must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in COLL 5.2.11R(7) and (10).
- 5.2 When calculating the exposure of a UCITS scheme to a counterparty in accordance with the limits in COLL 5.2.11R(7), the authorised fund manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 5.3 An authorised fund manager may net the OTC derivative positions of a UCITS scheme with the same counterparty, provided:
- (a) it is able legally to enforce netting agreements with the counterparty on behalf of the UCITS scheme; and
 - (b) the netting agreements in (a) do not apply to any other exposures the UCITS scheme may have with that same counterparty.
- 5.4 An authorised fund manager of a UCITS scheme may reduce the exposure of the scheme property to a counterparty to an OTC derivative transaction 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.
- 5.5 An authorised fund manager of a UCITS scheme must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in COLL 5.2.11R(7) when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the UCITS scheme.
- 5.6 Collateral passed in accordance with paragraph 5.5 may be taken into account on a net basis only if the authorised fund manager is able legally to enforce netting arrangements with this counterparty on behalf of the UCITS scheme.
- 5.7 An authorised fund manager of a UCITS scheme must calculate the issuer concentration limits referred to in COLL 5.2.11R on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach
- 5.8 In relation to exposures arising from OTC derivative transactions, as referred to in COLL 5.2.11R(10), the authorised fund manager must include in the calculation any counterparty risk relating to the OTC derivative transactions.

6. **Spread: Government and public securities**

- 6.1 The following section applies to government and public securities ("**Public Securities**").
- 6.2 Save as set out below, no more than 35% in value of the Scheme Property of a Sub-fund may be invested in Public Securities issued by any one body. Subject to this restriction, there is no limit on the amount which may be invested in Public Securities or in Public Securities issued by any one issuer or of any one issue.
- 6.3 The Company or a Sub-fund may invest more than 35% in value of the Scheme Property in Public Securities issued by any one body provided that:
- 6.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Sub-fund;
 - 6.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
 - 6.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

6.3.4 the disclosures required by the FCA have been made.

6.4 **In giving effect to the foregoing object more than 35% of the property of the Company may be invested in Government and other public securities issued by or on behalf of or guaranteed by any one or more of:**

6.4.1 **The Government of the United Kingdom or Belgium, France, Germany, Italy, Luxembourg, The Netherlands, Denmark, Ireland, Greece, Spain, Portugal, Austria, Finland, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, and Bulgaria;**

6.4.2 **The Government of any of Australia, Brazil, Canada, Chile, Egypt, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Turkey, United States; or The European Investment Bank.**

6.5 In relation to Public Securities:

6.5.1 Issue, issued and issuer include guarantee, guaranteed and guarantor; and

6.5.2 An issue differs from another if there is a difference as to repayment date, guarantor or other material terms of the issue.

6.6 Notwithstanding paragraph 4.1, and subject to paragraph 6.2, in applying the 20% limit in paragraph 4.9 with respect to a single body, Public Securities issued by that body shall be taken into account.

7. **Investment in collective investment schemes**

7.1 A Sub-fund may invest up to 100% in units of collective investment schemes (each a “**Second Scheme**”) provided that such investment is permitted under each of paragraphs 7.2 to 7.5 and provided that no more than 30% of the value of the Sub-fund is invested in Second Schemes within paragraph 7.2(b) to (e).

7.2 A Second Scheme must:

- (a) comply with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (b) is recognised under the provisions of section 272 of the Financial Services and Markets Act 2000 (Individually recognised overseas schemes); or
- (c) be a Non UCITS Retail Scheme (“**NURS**”) (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (d) be authorised in another EEA state (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (e) be authorised by the competent authority of an OECD member country (other than an EEA State) which has signed the IOSCO Multilateral Memorandum of Understanding and approved the scheme’s management company, rules and depository/custody arrangements (provided the requirements of article 50(1)(e) of the UCITS Directive are met).

- 7.3 The Second Scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes).
- 7.4 The Second Scheme must have terms that prohibit it from having more than 10% in value of its property consisting of units or shares in collective investment schemes.
- 7.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 7.3 and 7.4 and in paragraph 4 apply to each Sub-fund as if it were a separate collective investment scheme.
- 7.6 In accordance with COLL 5.2.15R (investment in associated collective investment schemes) each of the Sub-funds may include units in a Second Scheme managed or operated by the ACD or an associate of the ACD (an “**Associated Scheme**”), provided the conditions in paragraph 7.7 are complied with.
- 7.7 A Sub-fund must not invest in or dispose of units in an Associated Scheme unless:
- (a) there is no charge in respect of the investment in or the disposal of units in the Second Scheme; or
 - (b) the ACD is under a duty to pay the Sub-fund by the close of business on the fourth business day following the date of the agreement to invest or dispose the amount referred to in paragraphs 7.7.1 or 7.7.2 below.
- 7.7.1 Where an investment is made, the amount referred to in paragraph 7.7(b) is either:
- (a) any amount by which the consideration paid by the Sub-fund for the units in the Associated Scheme exceeds the price that would have been paid for the benefit of the Associated Scheme had the units been newly issued or sold by it; or
 - (b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the Second Scheme;
- 7.7.2 Where a disposal is made, the amount referred to in paragraph 7.7(b) is the amount of any charge made for the account of the authorised fund manager or operator of the Associated Scheme or an associate of any of them in respect of the disposal.
- 7.8 In paragraph 7.7:
- (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the Associated Scheme, which is applied for the benefit of the Associated Scheme and is, or is like, a dilution levy or SDRT provision, is to be treated as part of the price of the units and not as part of any charge; and
 - (b) any switching charge made in respect of an exchange of units in one sub-fund or separate part of the Associated Scheme for units in another sub-fund or separate part of that collective investment scheme is to be included as part of the consideration paid for the units.
- 7.9 No Sub-fund may invest in another Sub-fund of the Company.

8. **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 Sub-fund, at the time when payment is required, without contravening the rules in COLL 5.

9. **Investment in approved money market instruments**

9.1 A Sub-fund may invest in approved money market instruments, which are those normally dealt in on the money market, that are liquid and whose value can be accurately determined at any time.

9.2 For the purposes of 9.1:

- (a) a money market instrument shall be regarded as normally dealt in on the money market if it:
 - (i) has a maturity at issuance of up to and including 397 days;
 - (ii) has a residual maturity of up to and including 397 days;
 - (iii) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
 - (iv) 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 9.2(a) or (b) or is subject to yield adjustments as set out in paragraph 9.2(c).
- (b) 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 shareholder; and
- (c) 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:
 - (i) 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
 - (ii) based either on market data or on valuation models including systems based on amortised costs.

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.

9.3 A Sub-fund may invest in an approved money market instrument that is not admitted to or dealt in on an eligible market, provided it fulfils the following requirements:

- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings;
- (b) the instrument is issued or guaranteed by a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation, a regional or local authority of an EEA State, the European Central Bank or a central bank of an EEA State, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or a public international body to which one or more EEA States belong; or
- (c) issued by a body, any securities of which are dealt in on an eligible market; or
- (d) issued or guaranteed by an establishment which is:
 - (i) subject to prudential supervision in accordance with criteria defined by Community law; or
 - (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law. An establishment shall be considered to satisfy this requirement if it is subject to and complies

with prudential rules, and fulfils one or more of the following criteria: it is located in the European Economic Area, it is located in an OECD country belonging to the Group of Ten, it has at least investment grade rating, or on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by Community law.

10. Investment in deposits

A Sub-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.

11. Derivatives

Under the COLL Sourcebook, a UCITS Scheme is permitted to use derivatives for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both. **Unless otherwise stated in Appendix 1 for a particular Sub-fund, the ACD may use that Sub-fund's Scheme Property to invest in derivatives and forward currency transactions under the COLL Sourcebook for purposes other than efficient portfolio management (see paragraph 20 below).**

11.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is:

- (a) of a kind specified in paragraph 11.3 below; and
- (b) covered, as required by COLL 5.3.3AR.

Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits in paragraph 4 (Spread: General) and paragraph 6 (Spread: government and public securities). Where a transferable security or money-market instrument embeds a derivative, this must be taken into account for the purposes of calculating any limit in this paragraph.

11.2 A transaction in a derivative must be either in an “**approved derivative**” (*i.e.* a derivative which is traded or dealt in on an eligible derivatives market) or one which complies with paragraph 11.6, and in either case, the underlying must consist of any one or more of the following to which the Sub-fund is dedicated:

- (a) transferable securities admitted to or dealt in on an eligible market within paragraph 3.3 or 3.4 or dealt in on an eligible market within paragraph 3.3(b) or 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);
- (b) approved money-market instruments admitted to or dealt in on an eligible market within paragraph 3.3 or 3.4 or dealt in on an eligible market within paragraph 3.3(b) or approved money-market instruments not admitted to or dealt in on an eligible market which satisfy the requirements of paragraph 9.3;
- (c) deposits permitted under paragraph 10;
- (d) derivatives permitted under paragraph 11.3;
- (e) collective investment scheme units permitted under paragraph 7;
- (f) financial indices (which satisfy the criteria set out in COLL 5.2.20AR);
- (g) interest rates;
- (h) foreign exchange rates; or
- (i) currencies.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. The eligible derivatives markets for each Sub-fund are set out in Appendix 2.

A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the instrument constituting the scheme and the most recently published prospectus.

A transaction in a derivative must not be effected if the intended effect is to create the potential for an uncovered sale of:

- (i) transferable securities;
- (ii) approved money-market instruments;
- (iii) units in collective investment schemes; or
- (iv) derivatives.

Any forward transaction must be made with an eligible institution or an approved bank. The ACD must ensure compliance with COLL 5.3.7R.

A Sub-fund may not undertake transactions in derivatives on commodities.

11.3 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-fund may be entered into only if:

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

11.4 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:

- (a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-fund by delivery of property or the assignment of rights; and
- (b) the property and rights at (a) are owned by the Sub-fund at the time of the agreement.

The above requirement does not apply to a deposit or where:

- (i) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (ii) the ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the scheme property which falls within one of the following asset classes:
 - (A) cash;
 - (B) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards; or
 - (C) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

For these purposes, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

- 11.5 A transaction in an OTC derivative must be:
- (a) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
 - (i) an eligible institution or an approved bank; or
 - (ii) a person whose permission (including any requirements or limitations), as published in the FCA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - (b) on approved terms; the terms of the transaction in derivatives are approved only if the ACD,
 - (i) 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
 - (ii) can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value
 - (c) 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:
 - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - (ii) if the value referred to in (a) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
 - (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
 - (ii) 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.
- 11.6 A Sub-fund's global exposure relating to derivatives and forward transactions held by it may not exceed the net value of the Scheme Property. For the purposes of this paragraph, 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.
- 11.7 The Investment Adviser of a Sub-fund must calculate its global exposure on at least a daily basis.
- 11.8 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money-market instruments, units in collective investment schemes or derivatives provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22R(3) (Requirement to cover sales) are satisfied.
- 11.9 The aim of generating additional income allows the ACD to write call options on existing assets where it considers the transaction will result in the Sub-fund deriving a benefit, even if the benefit

obtained results in the surrendering of the chance of greater benefit in the future. The writing of a put option allows the ACD to generate income at the risk of having to purchase stock at a pre-determined price greater than the prevailing market price. The purchase of a call option permits the Sub-fund to gain in the increase of a share price above a pre-determined set price at the cost of the premium paid. The purchase of a put option allows the ACD, at the expense of the premium paid, to gain from the reduction in market value of a particular stock by selling the stock at a pre-determined higher price.

11.10 Use of derivatives will not be permitted to contravene any relevant investment objective of the Sub-funds.

12. Financial Derivatives, Techniques and Instruments Risks

The prices of derivative instruments, including futures, options and swap prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations. The use of these techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the price movements of the derivatives and price movements of related instruments, (3) the fact that skills needed to use these instruments are different from those needed to select the securities owned by any of the Sub-funds, (4) the possible absence of a liquid market for any particular instrument at any particular time; which may result in possible impediments to effective portfolio management or the ability to meet redemption. Each Sub-fund may invest in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

Each Sub-fund may from time to time utilise both exchange traded and over the counter credit derivatives, such as collateralised debt obligations or credit default swaps for hedging purposes and, if expressly permitted in the Appendix for a particular Sub-fund, as part of that Sub-fund's investment policy. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of the funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over the counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

13. Cash and near cash

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:

13.1 the pursuit of a Sub-fund's investment objectives; or

13.2 redemption of Shares; or

13.3 efficient management of a Sub-fund in accordance with its investment objectives; or

- 13.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-fund.
- 13.5 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.
14. **General power to borrow**
- 14.1 The Company may, in accordance with this paragraph and paragraph 13, borrow money for the use of the Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Sub-fund to comply with any restriction in the Instrument of Incorporation.
- 14.2 A Sub-fund may borrow under paragraph 14.1 only from institutions as stated in COLL 5.5.4R (3).
- 14.3 Borrowing must be on a temporary basis, must not be persistent and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis. The borrowing restrictions in this paragraph 15 do not apply to certain “back to back” borrowing for currency hedging purposes.
15. **Borrowing limits**
- 15.1 The ACD must ensure that a Sub-fund's borrowing does not, on any day, exceed 10% of the value of the Scheme Property of a Sub-fund.
- 15.2 The borrowing restrictions in this paragraph 16 do not apply to certain “back to back” borrowing for currency hedging purposes.
- 15.3 In this paragraph 15 borrowing includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the scheme property in the expectation that the sum will be repaid.
- 15.4 It is the Company's policy that any borrowing may not exceed 91 consecutive days.
16. **Restrictions on lending of money**
- 16.1 None of the money in the Scheme Property of a Sub-fund may be lent and, for the purposes of this prohibition, money is lent by a Sub-fund if it is paid to a person (the “payee”) on the basis that it should be repaid, whether or not by the payee.
- 16.2 Acquiring a debenture is not lending for the purposes of paragraph 16.1; nor is the placing of money on deposit or in a current account.
- 16.3 Paragraph 16.1 does not prevent a Sub-fund from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of a Sub-fund (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.
17. **Restrictions on lending of property other than money**
- 17.1 The Scheme Property of a Sub-fund other than money must not be lent by way of deposit or otherwise.
- 17.2 The Scheme Property of a Sub-fund must not be mortgaged.
- 17.3 Nothing in this paragraph 17 prevents the Sub-fund or the Depositary at the request of the Sub-fund, from lending, depositing, pledging or charging the Scheme Property of the Sub-fund for margin requirements where transactions in derivatives or forward transactions are used for the account of the Sub-fund in accordance with COLL 5.

18. **General power to accept or underwrite placings**

18.1 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 of Incorporation.

18.2 This paragraph applies, subject to paragraph 18.3, to any agreement or understanding:

- (a) which is an underwriting or sub-underwriting agreement; or
- (b) which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

18.3 Paragraph 18.2 does not apply to:

- (a) an option; or
- (b) a purchase of a transferable security which confers a right:
 - (i) to subscribe for or acquire a transferable security; or
 - (ii) to convert one transferable security into another.

18.4 The exposure of a Sub-fund to agreements and understandings within paragraph 18.2 must, on any day:

- (a) be covered in accordance with the requirements of COLL 5.3.3AR; and
- (b) 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 COLL 5.

19. **Guarantees and indemnities**

19.1 A Sub-fund or the Depositary for the account of the Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.

19.2 None of the Scheme Property of a Sub-fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

19.3 Paragraphs 19.1 and 19.2 do not apply in respect of a Sub-fund in case of COLL 5.5.9R (3).

20. **Efficient Portfolio Management**

20.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions 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 resembling options; 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 with a risk level which is consistent with the risk profile of the Company 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.

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

- (a) 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

- (b) Transactions for the generation of additional capital growth or income for a Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
- (i) pricing imperfections in the market as regards the property which a Sub-fund holds or may hold; or
 - (ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of a Sub-fund which the Company is willing to buy or sell at the exercise price..

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

20.3 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.

20.4 Any use of derivatives shall be in accordance with the Guidelines on ETFs and other UCITS issues issued by the European Securities and Markets Authority. The related costs and fees may be deducted from the revenue delivered to the Fund, and may be paid to the third party intermediaries who are not related to the ACD or the Depositary. The identity of those intermediaries (if any) will be disclosed in the annual report.

21. **Stock lending**

No stock lending arrangements will be entered into by any Sub-Fund or by the Depositary for the account of any Sub-fund.

22. **Underwriting**

Underwriting and sub-underwriting contracts and placing may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Sub-fund.

APPENDIX 4**LIST OF OTHER FUNDS OPERATED BY THE ACD**

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

MI Brompton UK Recovery Unit Trust
MI Charles Stanley Investment Funds
MI Chelverton UK Equity Fund
The MI Discretionary Unit Fund
MI Downing UK Micro-Cap Growth Fund
MI Hawksmoor Open-Ended Investment Company
MI Miton Cautious Monthly Income Fund
MI Momentum Investment Funds
MI Somerset Capital Management Investment Funds ICVC
MI Thornbridge Investment Funds
MI TwentyFour Investment Funds
Hansa Trust Plc
TwentyFour Select Monthly Income Fund
TwentyFour Income Fund
UK Mortgages Limited

APPENDIX 5**PAST PERFORMANCE**

No past performance information is yet available as the Fund has only recently been launched. When available, the information will be set out in this Appendix 5.

APPENDIX 6
SUB-CUSTODIANS

Country	Sub-custodian	Sub-delegates
Australia	HSBC Bank Australia Limited	
Austria	UniCredit Bank Austria A.G	
Bahrain	HSBC Bank Middle East Limited	
Bangladesh	Standard Chartered Bank	
Belgium	Deutsche Bank AG	
Bermuda	HSBC Bank Bermuda Limited	
Bosnia and Herzegovina - Federation of B & H	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Bosnia and Herzegovina - Republic of Srpska	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Botswana	Standard Chartered Bank Botswana Limited	
Brazil	Citibank, N.A.	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
Bulgaria	Citibank Europe plc	
Canada	The Northern Trust Company, Canada	
Canada*	Royal Bank of Canada	
Chile	Banco de Chile	
China A	HSBC Bank (China) Company Limited	
China B	HSBC Bank (China) Company Limited	
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria A.G.	Zagrebacka Banka d.d.
Cyprus	Citibank International Limited	
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.	
Denmark	Nordea Bank Danmark A/S	
Egypt	Citibank, N.A.	
Estonia	Swedbank AS	
Euro CDs	Deutsche Bank AG, London Branch	
Finland	Nordea Bank Finland plc	
France	Deutsche Bank AG	
Germany	Deutsche Bank AG	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank International Limited	

Hong Kong SAR	The Hongkong and Shanghai Banking Corporation Limited	
Hungary	UniCredit Bank Hungary Zrt	
India	Citibank, N.A.	
Indonesia	Standard Chartered Bank	
Ireland	The Northern Trust Company, London	
Israel	Bank Leumi Le-Israel BM	
Italy	Deutsche Bank SpA	
Japan	The Hongkong and Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank plc, Jordan Branch	
Kazakhstan	JSC Citibank Kazakhstan	
Kenya	Standard Chartered Bank Kenya Limited	
Kuwait	HSBC Bank Middle East Limited	
Latvia	Swedbank AS	
Lebanon	HSBC Bank Middle East Limited	
Lithuania	AB SEB Bankas	
Luxembourg	Euroclear Bank S.A. / N.V	
Malaysia	HSBC Bank Malaysia Berhad	
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	
Mexico	Banco Nacional de Mexico, S.A.	
Morocco	Societe Generale Marocaine de Banques	
Namibia	Standard Bank Namibia Ltd	
Netherlands	Deutsche Bank AG	
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	
Nigeria	Stanbic IBTC Bank Plc	
Norway	Nordea Bank Norge ASA	
Oman	HSBC Bank Oman SAOG	
Pakistan	Citibank, N.A.	
Palestinian Territories	HSBC Bank Middle East Limited	
Panama	Citibank, N.A., Panama Branch	
Peru	Citibank del Peru S.A.	
Philippines	The Hongkong and Shanghai Banking Corporation Limited	
Poland	Bank Polska Kasa Opieki SA	
Portugal	BNP Paribas Securities Services	

Qatar	HSBC Bank Middle East Limited	
Romania	Citibank Europe plc	
Russia	AO Citibank	
Saudi Arabia	HSBC Saudi Arabia Limited	
Serbia	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd	
Slovakia	Citibank Europe plc	
Slovenia	UniCredit Banka Slovenija d.d.	
South Africa	The Standard Bank of South Africa Limited	
South Korea	The Hongkong and Shanghai Banking Corporation Limited	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse AG	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Ltd
Thailand	Citibank, N.A.	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank A.S.	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates - ADX	HSBC Bank Middle East Limited	
United Arab Emirates - DFM	HSBC Bank Middle East Limited	
United Arab Emirates - NASDAQ Dubai	HSBC Bank Middle East Limited	
United Kingdom	The Northern Trust Company, London	
United States	The Northern Trust Company	
Uruguay	Banco Itau Uruguay S.A.	
Vietnam	HSBC Bank (Vietnam) Ltd	
Zambia	Standard Chartered Bank Zambia plc	

* The Royal Bank of Canada serves as The Northern Trust Company's sub-custodian for securities not eligible for settlement in Canada's local central securities depository

APPENDIX 7**DIRECTORY****The Company and Head Office:**

MI Activus Wealth Funds
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW

Authorised Corporate Director:

Maitland Institutional Services Ltd
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW

Depository:

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

Custodian:

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

Investment Manager:

Activus Wealth Ltd
100 St Paul's Churchyard
London
EC4M 8BU

Registrar:

Maitland Institutional Services Ltd
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW

Auditors:

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL