

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

Fund Partners Limited, 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. Fund Partners Limited accepts responsibility accordingly.

**PROSPECTUS**

**OF**

**FP Octopus Investments UCITS Funds**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC001071)**

**(A UCITS Scheme)**

This document constitutes the Prospectus for FP Octopus Investments UCITS Funds which has been prepared in accordance with The Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid, as at 25 May 2018.

Copies of this Prospectus have been sent to the FCA and the Depositary.

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No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. 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.

Distributors and other intermediaries which offer, recommend or sell shares in the Funds must comply with all laws, regulations and regulatory requirements as may be applicable to them. Also, such Distributors and other intermediaries must consider such information about the Funds and its share classes as is made available by the Authorised Corporate Director for the purposes of the EU's Product Governance regime. Distributors and intermediaries may obtain further information by contacting the ACD.

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

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 a summary of which are included in this Prospectus and a copy of the Instrument of Incorporation is available on request.

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

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. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and

investors should check with Fund Partners Limited that this is the most recently published prospectus.

The Depositary and the Investment Manager are not responsible for the information contained in this Prospectus and accordingly do not accept any responsibility therefore under the Regulations or otherwise

#### International Tax Reporting

In order to fulfil our legal obligations in accordance with the requirements of FATCA and other intergovernmental arrangements such as the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information through the International Tax Compliance Regulations 2015, the Company is required to obtain confirmation of the tax residency of Shareholders to comply with certain reporting requirements. We may ask for evidence of the tax identification number, and country and date of birth of individual Shareholders, or for the Global Intermediary Identification number (GIIN) of corporate Shareholders. If certain conditions apply, information about your shareholding may be passed to HM Revenue & Customs ("HMRC") in order to be passed on to other tax authorities, where the UK has an agreement with that country. Any shareholder that fails to provide the required information may be subject to a compulsory redemption of their Shares and/or monetary penalties.

#### **Data Protection**

The way in which we may use personal information of individuals ("personal data") is governed by the "**Data Protection Requirements**" which means all applicable data protection laws and regulations including, without limitation, (a) the General Data Protection Regulation (EU) 2016/679 ("GDPR"), (b) any applicable legislation supplementing and / or implementing GDPR in the United Kingdom, and (c) any legislation that, in respect of the United Kingdom, replaces GDPR as a consequence of the United Kingdom leaving the European Union. The Data Protection Requirements are designed to strengthen data protection for all individuals. Further details on our privacy policy and your rights under the Data Protection Requirements can be found on our website: [www.fundpartners.co.uk](http://www.fundpartners.co.uk). Changes to our privacy policy will be published on our website.

For the purposes of the Data Protection Requirements, the "data controller" of your personal data is us, Fund Partners Limited.

#### *Information we collect from you or from other sources and what we do with it:*

We will collect and process the following data about you depending on how or why you interact or communicate with us (e.g., filling in an application form, subscribing for or redeeming Shares or when you communicate with us by email, telephone or otherwise):

- (1) Your name and title, address, date of birth, e-mail address and phone number or other contact information; your signature, your tax number or "national insurance

number”; your banking details, credit or debit card information or other payment or financial information; information about transactions you make in relation to a Fund including your holding in a Fund or the reference number in relation to your holding; your personal description and your photograph.

We will use this information to open your account, maintain the Register; process subscriptions, redemptions and exchanges of Shares and payments of dividends; perform controls on excessive trading and market timing; comply with applicable anti-money laundering rules or anti-terrorist financing rules; or comply with our reporting obligations to regulatory bodies or tax authorities as well as our obligations under other applicable laws and regulations, monitor calls and electronic communications to process and verify of instructions, or for investigation and fraud prevention purposes.

The legal basis for this processing of your personal data is our legitimate interests, namely the proper administration of your investment, the operation the Fund by us, our delegates and the service providers in relation to a Fund; the performance of the contractual obligations between you as a Shareholder and us; to provide you with information, products and services that you request from us; to notify you about changes to our services or to a Fund or the Company; and to comply with applicable laws and regulations.

**You have the right to refuse to give us your personal data in which case we may at our discretion refuse to issue Shares to you; refuse to pay the proceeds of a redemption of Shares; refuse to pay income on Shares; or compulsorily redeem your holding.**

(2) With regard to each of your visits to our website, we will automatically collect technical information about your computer, including where available your Internet protocol or “IP” address, operating system and browser type and version, time zone setting, operating system and platform; information about your visit, including the full Uniform Resources Locators (“URLs”), clickstream to, through and from our website (including date and time); time on page, page response times, download errors, lengths of visits to certain pages, page interaction information (such as scrolling, clicks and mouse-overs); location, device and demographic information. We will do so for administration purposes and to analyse the use of our website and services.

Our website uses “cookies” to distinguish you from other users of our website (very broadly, the website identifies a user and customises web pages for that user on subsequent visits to the website). This helps us to provide you with a good experience when you browse our website and also allows us to improve our site. For detailed information on the cookies we use and the purposes for which we use them please see our Cookie policy on our website.

The legal basis for this processing is our legitimate interests, namely monitoring and improving our website and services.

We will combine the information that you give us with information that we receive from other sources and use this for the purposes set out above (depending on the types of information we receive).

We may also use your personal data to establish, exercise or defend claims in order to protect or assert our legal rights, your legal rights or the legal rights of others, obtain or maintain insurance coverage, manage risks, or obtain professional advice in order to protect our business.

#### *Disclosure of your information*

We may disclose your personal data to any member of our group of companies; our insurers or professional advisers; service providers to the Funds; our service providers, delegates, suppliers, contractors, sub-contractors or business partners and third parties with whom we contract; our auditors, our bank, competent authorities including the FCA, tax authorities, courts and other bodies for reporting or as otherwise required by law; technical advisers or analytics and search engine providers that assist us in the improvement and optimisation of our website; credit reference agencies or other risk management agencies; third parties that provide security, email security, data governance, archiving and other information technology support services; any third party that you ask us to share your personal data with.

We may disclose your personal data to third parties in the event we sell or purchase a business or assets; if we are acquired by a third party; or where we are under a duty to disclose or share your personal data in order to comply with any legal or regulatory obligation; or in order to enforce or apply the terms of use of our website (which can be found on our website) and other agreements; or to protect our rights, property, or safety, or that of our customers, or others.

#### *International transfers of your personal data*

Your personal data may be transferred to the auditor, registrar, transfer agent, administrator, depository, custodian or investment manager of a Fund or the Company; or to the sponsor, distributor, or third party data providers in relation to a Fund; or to a third party with whom we contract; any of whom may be located in the European Economic Area ("**EEA**").

The Data Protection Requirements place restrictions on transferring data outside of the EEA. Transfers to a third country or to an international organisation may only take place if the data being transferred is subject to an adequate level of protection. If we or our service providers need to share your personal data with a recipient outside the EEA, we will ensure that appropriate safeguards are in place including: model clauses that have been approved by the European Commission; a code of conduct or other certified mechanisms such as binding contractual rules. Your personal data may be transferred to third parties that we or our service providers use including certain banks that we or our service providers use or certain companies that provide certain services to our service

providers such as the registrar of the Fund. Such third parties include: a company located in India that provides operational support services, a company based in the USA that provides information technology security services, and a company based in the USA (but which has affiliates in multiple locations) that provides customer services software.

#### *Retention and deletion of your personal data*

We will not keep your personal data longer than is necessary for the purpose that we process it or for any purpose. We will generally retain your personal data for a minimum of 7 years, or for such period as is necessary for compliance with a legal obligation to which we are subject, or in order to protect your vital interests or the vital interests of another natural person.

#### *Rights of an individual*

As an individual, you have certain rights under the Data Protection Requirements. These include: (a) the right of access (b) the right to rectification (c) the right to erasure (d) the right to restrict processing (e) the right to object to processing (f) the right to data portability (g) the right to complain to a supervisory authority, and (h) the right to withdraw consent. Some of the rights are complex and only apply in specific circumstances. Further details are set out in the privacy policy published on our website.

#### *Our details*

You can contact us or our Data Protection Officer regarding the Data Protection Requirements or our privacy policy:

- (a) by post, to 8/9 Lovat Lane, London EC3R 8DW;
- (b) by telephone, on 01202 855856 or the contact number published on our website from time to time; or
- (c) by email, to FP\_DataProtection@Fundrock.com or the email address published on our website from time to time.

Further information is available on our website.

## 1. DEFINITIONS

- "ACD"** Fund Partners Limited, the authorised corporate director of the Company;
- "ACD Agreement"** an agreement effective from 24<sup>th</sup> November 2016 between the Company and the ACD;
- "Administrator"** Investor Administration Solutions\*, or such other entity as is appointed to act as administrator to the Company from time to time;
- "Approved Bank"** (in relation to a bank account opened by the Company):
- (a) if the account is opened at a branch in the United Kingdom:
    - (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:
    - (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;

<b>“Auditor”</b>	Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>“Class” or “Classes”</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund;
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook;
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
<b>“Company”</b>	FP Octopus Investments UCITS Funds;
<b>“Conversion”</b>	the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and “Convert” shall be construed accordingly;
<b>“Cut Off Point”</b>	the point prior to which orders to buy, sell or switch shares must be received by the Administrator in order for them to be actioned at the next Valuation Point and details of which are set out for each Fund (if relevant) in Appendix I;
<b>“Dealing Day”</b>	Monday to Friday (except for (unless the ACD otherwise decides) a bank holiday in England and Wales, any day on which the London Stock Exchange is not open for the normal duration of its trading hours and any other days declared by the ACD to be a company holiday). The ACD, with the agreement of the Depositary, may also select to make a Saturday, Sunday or a bank holiday a dealing date, at its discretion. Notification of such a change would be communicated via the ACD’s website;

<b>“Depository”</b>	Societe Generale S.A, London Branch, or such other entity as is appointed to act as depositary of the Company;
<b>“Director” or “Directors”</b>	the directors of the Company from time to time (including the ACD);
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>“Efficient Portfolio Management” or “EPM”</b>	as defined in Paragraph 18 of Appendix IV;
<b>“Eligible Institution”</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
<b>“the FCA”</b>	means the Financial Services Authority in respect of matters prior to 1 April 2013 and, in respect of matters on or after that date, the Financial Conduct Authority and any successor entity;
<b>“the FCA Handbook”</b>	the FCA Handbook of Rules and Guidance, as amended from time to time;
<b>“FP”</b>	Fund Partners Limited, the authorised corporate director (ACD) of the Company;
<b>“Fund Accountant”</b>	Societe Generale S.A, London Branch or such other entity as is appointed to act as fund accountant;
<b>“FCA PRN”</b>	the FCA’s product reference number for the Company of one of its sub-funds;
<b>“Fund” or “Funds”</b>	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 and which is invested in accordance with the investment objective applicable to such sub-fund;

<b>“Fundrock Holding S.A.”</b>	the ultimate holding company of Fund Partners Limited;
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time;
<b>“Investment Manager”</b>	Octopus Investments Limited, the investment adviser to the ACD in respect of the Company;
<b>“ISA”</b>	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
<b>“KIID”</b>	the key investor information document prepared in accordance with COLL;
<b>“Net Asset Value” or “NAV”</b>	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or replaced from time to time;
<b>“Register”</b>	the register of Shareholders of the Company;
<b>“Registrar”</b>	Investor Administration Solutions*, or such other entity as is appointed to act as registrar to the Company from time to time;
<b>“Regulated Activities Order”</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time;
<b>“Regulations”</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
<b>“Scheme Property”</b>	the scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary;
<b>“Share” or “Shares”</b>	a share or shares in the Company (including larger denomination shares, and smaller

	denomination shares equivalent to ten thousandth of a larger denomination share);
<b>“Shareholder”</b>	a holder of registered Shares in the Company;
<b>“Sponsor”</b>	Octopus Investments Limited, or such other entity as is appointed to act as sponsor of the Company from time to time;
<b>“Switch”</b>	the exchange where permissible of Shares of one Class or Fund for Shares of another Class or Fund;
<b>“UCITS Directive”</b>	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) (as amended from time to time);
<b>“UCITS Scheme”</b>	a collective investment scheme such as the Company, which complies with the UCITS Directive and therefore enjoys certain benefits (including, for the avoidance of doubt, passporting rights) conferred under that directive;
<b>“US Persons”</b>	a person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933;
<b>“Valuation Point”</b>	the point, 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 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. For details of the Valuation Point of a Fund please see Appendix I;
<b>“VAT”</b>	UK value added tax.

## **2. DETAILS OF THE COMPANY**

### **2.1 General**

2.1.1 FP Octopus Investments UCITS Funds (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC001071 and authorised by the FCA with effect from 23<sup>rd</sup> August 2016. The Company has an unlimited duration. The Company launched on 28<sup>th</sup> November 2016.

Shareholders are not liable for the debts of the Company.

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

#### **2.1.2 Head Office**

The head office of the Company is at 8/9 Lovat Lane, London EC3R 8DW.

#### **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 Fund is Pounds Sterling.

#### **2.1.5 Share Capital**

Maximum £100 billion

Minimum £1

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 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 Funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, converting 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 the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by ACD and accounts under common ownership or control.

## 2.2 **The Structure of the Company**

### 2.2.1 **The Funds**

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

The Company is a UCITS Scheme.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund. Details of the Funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Fund is set out in Appendix IV.

#### Segregated Liability

The assets of a Fund belong exclusively to that 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 Fund, and shall not be available for any such purpose.

While the provisions of the OEIC Regulations provide for segregated liability between the 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 the OEIC Regulations.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each 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 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 Funds.

## 2.2.2 **Shares**

### **Classes of Shares within the Funds**

Shares will be issued in larger and smaller denominations. There are 10,000 smaller denomination Shares to each larger 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 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 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 approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, a revised prospectus will be prepared, setting out the details of each Fund or Class.

The base currency for each new Class of Shares 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 Fund will be invested in the specific pool of assets constituting that Fund.

To the extent that any Scheme Property of the Company, 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 Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Funds in a manner which is fair to all Shareholders of the Company.

Shares in the Company are not currently listed on any investment exchange.

The Share Classes that may be issued and their criteria for subscription in respect of each Fund are set out in Appendix I. Details of which of the Share Classes are presently available in each Fund are set out in Appendix I.

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 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 income and accumulation Shares to be issued. Income Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders. Accumulation Shares are shares whereby income is credited periodically to capital. In accordance with relevant tax law, distribution or allocation of income is made gross without any tax being deducted or accounted for by the Company. Full details concerning taxation may be found in section 9.

Where a 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 Fund will be adjusted accordingly.

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



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

The dealing office of the Administrator is normally open from 9am to 5pm (UK time) on each Dealing Day to receive requests by post or fax on 01202 855850 for the purchase, sale, conversion and switching of Shares. The Administrator may vary these times with the consent of the ACD. Requests to deal in Shares may also be made by telephone on 01202 855856 on each Dealing Day (at the ACD's discretion) between 9am and 5pm (UK time) or through such other number as published from time to time. The initial investment must, at the discretion of the ACD, be accompanied by an application form.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media. Where the buyer has access to electronic dealing (such as EMX or Calastone), the ACD has the facility to accept electronic transactions via STP directly to the Registrar.

Telephone calls and electronic communications will be recorded. The ACD will keep a copy of telephone calls and electronic communications. A copy of the record is available from the ACD on request. The records will be kept for up to five years and where requested by the FCA, for up to seven years. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future. At present, transfer of title by electronic communication is not accepted.

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. For details of the Valuation Point, please see Appendix I.

In its dealings in Shares of the Funds the ACD is dealing as principal. The ACD may make a profit from dealing in Shares as principal. The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal.

#### **3.1 Buying Shares**

##### **3.1.1 Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. Where permitted by applicable rules and regulations (including, without limitation, the FCA Handbook), an intermediary may be entitled to receive commission from the ACD, which may include ongoing commission, based on the value of Shares held by a Shareholder. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the ACD.

Valid applications to purchase Shares in a Fund (received before the Cut Off Point, if appropriate) 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 Fund has been suspended as set out in paragraph 3.11.

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 has been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to ten thousandth of a larger denomination Share.

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. Investors who invest through the Regular Savings Plan will be entitled to receive back the full amount they invest if they cancel within the cancellation period. This is only in relation to contributions paid by Direct Debit into a Regular Savings Plan. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

The UK has implemented the Foreign Account Tax Compliant Act (FATCA) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information through the International Tax Compliance Regulations 2015. As a result of UK legislation, the Company may be required to obtain confirmation of certain information from shareholders and (where applicable) their beneficial owners, such as where you are resident for tax purposes, your tax identification number, and your place and date of birth, and your tax status classification and place of incorporation if you are a corporate body. Under certain circumstances (including where you do not supply us with the

information we request), we will be obliged to report your personal details as well as the details of your Investment to HMRC. This information may then be passed to other tax authorities. Any shareholder that fails to provide the required information may be subject to a compulsory redemption of their Shares and/or monetary penalties.

By signing the application form to subscribe for Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate.

**Please note that the Company may treat Shareholders as a Specified U.S. Person where the Administrator is unable to establish that this is not the case.**

Shareholders who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their interest in the Company.

### 3.1.2 **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 later of receipt of the application to buy Shares and the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due within four business days of the Valuation Point (T+4). 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.

Unless otherwise agreed with the ACD, payment in respect of any transaction in shares must be received in cleared funds on or before the Settlement Day. The Company shall be entitled without giving prior notice to the buyer, to cancel, in whole or part, any transaction in respect of which the amount due remains unpaid after Settlement Day. This provision shall not be affected by any requirement to serve a cancellation notice in respect of the transaction in question.

The Company reserves the right to charge interest (calculated on a daily basis) on monies overdue in respect of a purchase of Shares at a rate of 2 per cent. per annum above the base rate from time to time of Royal Bank of Scotland plc.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of

periodic distributions on Shares will show the number of Shares held by the recipient.

The Company has the power to issue bearer Shares but there are no present plans to do so.

### 3.1.3 **Regular Savings Plan**

The ACD may make available certain Classes of Shares of any Fund through the Regular Savings Plan (details of current Classes of Shares and Funds which are available are shown in Appendix I). To invest in this way, Shareholders must complete and return to the Administrator the relevant plan application form and direct debit form before contributions may begin. Monthly contributions may be increased, decreased (subject to maintaining the minimum level of contribution) or stopped at any time by notifying such party as the ACD may direct. If, however, payments are not made into the Regular Savings Plan for more than six months and the Shareholder holds less than the minimum holding for that Class, then the ACD reserves the right to redeem that Shareholder's entire holding in that Class. Confirmations will not be issued to Shareholders investing through a Regular Savings Plan.

Contributions to the Regular Savings Plan will normally be collected on a monthly basis usually on the first Dealing Day of each month with Shares being allocated at the Share price ruling at the Valuation Point (subject to any applicable initial charge) on the same day.

For Shares purchased through the Regular Savings Plan, the minimum monthly investment is stated in Appendix I.

Statements detailing all Share transactions will be sent out to all monthly savers at least on a six monthly basis.

### 3.1.4 **Minimum subscriptions and holdings**

The minimum initial subscription, subsequent subscription and holding levels for each Class of Share in a Fund are set out in Appendix I.

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

If following a redemption, Conversion, 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, Conversion, Switch or transfer does not remove this right.

## 3.2 **Redeeming Shares**

### 3.2.1 **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 Fund (received before the Cut Off Point, if appropriate) 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 Fund has been suspended as set out in paragraph 3.11.

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.

For details of dealing charges see paragraph 3.5 below.

### 3.2.2 **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 bank 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, any required anti-money laundering related documentation, and (b) the Valuation Point following

receipt by the ACD of the request to redeem.

### 3.2.3 **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 Fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Fund in question (see Appendix I).

### 3.2.4 **Regular Withdrawal Facility**

The ACD offers a regular withdrawal facility. For further details on this facility and on which Funds and which Share Classes it is available, please see details in Appendix I.

## 3.3 **Method of delivery of applications or other instructions to deal in shares**

Instructions (including applications and redemptions) sent to the ACD by fax (the ACD's fax no is 01202 855850) are only valid and binding on the ACD if the applicant or the applicant's authorised agent obtains separate confirmation from the ACD that the ACD has received the fax. After sending the fax, the applicant or the applicant's authorised agent is required to telephone the ACD on 01202 855856 promptly to obtain confirmation from a named representative of the ACD that the ACD has received the fax. Without procuring such verbal confirmation from the ACD, the applicant and the applicant's authorised representative acknowledge that the ACD shall not be under any liability in relation to any and all fax messages not received by the ACD.

## 3.4 **Conversion and Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may at any time:

- (i) Convert all or some of his Shares of one Class in a Fund for another Class in the same Fund; or
- (ii) Switch all or some of his Shares in one Fund for Shares in another Fund in the Company.

### **Conversions**

Conversions will be effected by the ACD recording the change of Share Class on the Register of the Company.

If a Shareholder wishes to Convert Shares he should apply to the ACD in the same manner as for a sale as set out below.

Conversions will be effected at the next Valuation Point following receipt of instructions to Convert from a Shareholder.

Conversions will not be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the Conversion.

There is no fee on Conversions.

### **Switches**

Subject to the qualifications below, a Shareholder may at any time Switch all or some of his Shares of one Class in a Fund ("the Original Shares") for a number of Shares of another Fund ("the New Shares").

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.

The ACD may at its discretion make a charge on the switching of Shares between Funds. 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 and Conversion".

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 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 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 Fund for Shares in any other 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 Fund for Shares in any other 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 deducted from the gross subscription or the proceeds of the 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 Share Class as set out in Appendix I. 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 Fund or Class may only be increased in accordance with the Regulations.

Subject to applicable rules and regulations (including, without limitation, the FCA Handbook), from the initial charge received, or out of other of its own resources, the ACD may pay a commission to relevant intermediaries.

#### 3.5.2 **Redemption Charge**

The ACD may make a charge on the redemption of Shares in each Class. Please see Appendix I for details of which Funds apply a redemption charge.

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).

There is currently no charge for redeeming Shares in any of the Classes.

#### 3.5.3 **Charges on Switching and Conversion**

On the switching of Shares between Funds in the Company the Instrument of Incorporation authorises the Company to impose a charge. 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.

There is currently no charge for switching between Funds or for converting Shares in one Class of a Fund for Shares in another Class of the same Fund.



#### 3.5.4 **Dilution Adjustment**

The actual cost of purchasing, selling or switching assets and investments in the Funds 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 that Fund's underlying investments. These costs could have an adverse effect on the value of a Fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds.

The price of each Class of Share in each Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically.

The ACD reserves the right to make a dilution adjustment every day. The dilution adjustment is calculated using the estimated dealing costs of a Fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed as a proportion of the total value of that Fund. The measurement period will typically be a single day but, where a trend develops so that for a number of days in a row there is a surplus of acquisitions or redemptions on each and every day, the aggregate effect of such acquisitions or redemptions as a proportion of the total relevant Fund value will be considered.

Where a Fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of Shares above their mid-market value. Where a Fund is experiencing net redemptions the dilution adjustment would decrease the price of Shares to below their mid-market value.

It is the ACD's policy to reserve the right to impose a dilution adjustment on purchases, sales and switches of Shares of whatever size and whenever made. In the event that a dilution adjustment is made it will be applied to all transactions in a Fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

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

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

value of a Share. As dilution is directly related to the inflows and outflows of monies from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment.

The dilution adjustment will be applied to the mid price for the Shares resulting in a figure calculated up to six decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principles resulting in the final price for the Shares.

It is envisaged (based on future projections) that a dilution adjustment will be applied from time to time.

The dilution adjustment for any one Fund may vary over time because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, and these can vary with market conditions. A typical dilution adjustment may range from 0% to 0.8% when buying or selling Shares.

### 3.6 **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 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.

The ACD is responsible for all matters relating to compliance with Money Laundering Regulations pertaining to the Company and investments in the Company, Fund or Funds.

### 3.7 **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.

### 3.8 **Restrictions and Compulsory Transfer and Redemption**

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"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the 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);
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach).

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 thirty 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.

Subject to COLL and the Company's Instrument, the ACD may defer redemptions on a particular Dealing Day to the next Dealing Day where the total value of requested redemptions exceeds 10 per cent of the Fund's value. The ACD will ensure the consistent treatment of all shareholders who have sought to redeem shares on any Dealing Day on which redemptions have been deferred. The ACD will pro rate all such redemption requests to the stated level (i.e. 10 per cent of the Fund's value) and will defer the remainder to the next Dealing Day (subject to sufficient liquidity being raised).

The ACD will ensure that all redemption requests relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

### 3.9 **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. Where the ACD considers the deal to be substantial in relation to the total size of the Fund it may require the investor to contribute in specie. The ACD may consider a deal in this context to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund. 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 Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Fund.

### 3.10 **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way detrimental to the Fund, arrange, having given prior notice in writing to the Shareholder, that, in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder. Before the redemption proceeds of the Shares become payable, the ACD will give written notice to the Shareholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Shareholder

so that the Shareholder can require the net proceeds of redemption rather than the relevant property if he so desires.

The ACD will select the property to be transferred or sold 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.

### **3.11 Suspension of dealings in the Company or a Fund**

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 Funds, where, due to exceptional circumstances, it is in the interests of all the Shareholders in the relevant Fund or 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 the relevant Fund is 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 suspensions. 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.

### **3.12 Governing law**

All deals in Shares are governed by English law.

## **4. VALUATION OF THE COMPANY**

### **4.1 General**

There is only a single price for Shares. The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share of a Fund is currently calculated on each Dealing Day at the Valuation Point of the Fund. For details of the Valuation Point of a Fund please see Appendix I.

The ACD may at any time during a business day carry out an additional valuation if it considers it desirable to do so and may use the price obtained at such additional valuation point as the price for the day. 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 dealing. 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 Fund and the amount of any dilution adjustment made 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 property of the Company or of a Fund (as the case may be) 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 Property which is not cash (or other assets dealt with in paragraphs 4.2.2.6 or 4.2.3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

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 selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or selling 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 exchange-traded derivative contracts:
- (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the average of the two prices;
- 4.2.2.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- 4.2.2.4 Any other investment:
- (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;
- 4.2.2.5 Scheme Property other than that described in paragraphs 4.2.2.1, 4.2.2.2, 4.2.2.3 and 4.2.2.4, above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.6 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 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential

action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.

- 4.2.4 Subject to paragraphs 4.2.5 and 4.2.6 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.
- 4.2.5 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 4.2.4.
- 4.2.6 All agreements are to be included under paragraph 4.2.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.7 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, and any foreign taxes or duties.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty and stamp duty reserve tax.
- 4.2.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.11 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.12 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.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.



### 4.3 **Price per Share in each Fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. There will be a single price 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 Fund at a time when more than one Class is in issue in respect of that Fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Fund in question calculated in accordance with the Instrument of Incorporation.

### 4.4 **Fair Value Pricing**

4.4.1 Where the ACD has reasonable grounds to believe that:

4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or

4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

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

4.4.2.1 no recent trade in the security concerned; or

4.4.2.2 suspension of dealings in an underlying collective investment scheme; or

4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

4.4.3 In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to:

4.4.3.1 the type of authorised fund concerned;

4.4.3.2 the securities involved;

4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;

4.4.3.4 the basis and reliability of the alternative price used; and

4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.5 **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.

#### 4.6 **Publication of Prices**

The prices of all Share Classes are available at [www.fundlistings.com](http://www.fundlistings.com) or via a link at the ACD's website: [www.fundpartners.co.uk](http://www.fundpartners.co.uk). The prices of Shares may also be obtained by calling 01202 855856 during the ACD's normal business hours. 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 on 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.

## **5. RISK FACTORS**

Potential investors should consider the below risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds). This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance. Also, the risk factors listed will apply to different Funds to different degrees, and for a given Fund this degree could increase or reduce through time.

### **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. There will be a variation in performance between funds with similar objectives due to the different assets selected.

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.

When investing in unregulated collective investment schemes, the fund is fully exposed to the risks involved in this type of investment without any redress to a regulator. The funds may also have a more limited transferability and volatility of movement than a regulated fund.

### **5.2 Market Risk**

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 any Fund will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future.

### 5.3 **Effect of initial charge or redemption charge**

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

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.

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

### 5.4 **Dilution adjustment**

A 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 apply a dilution adjustment to the price payable on the purchase or redemption of their Shares. Where a dilution adjustment is not applied, the Fund in question may incur dilution which may constrain capital growth.

### 5.5 **Charges to capital**

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth. Currently, the Fund deducts expenses from income (with the exception of portfolio transactions which are deducted from capital).

### 5.6 **Suspension of dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of dealings in the Company or a Fund" at Paragraph 3.11).

### 5.7 **Pricing and liquidity**

Where a Fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the ACD may have to delay acting on instructions to sell investments, and the proceeds on redemption may be materially less than the value implied by the Fund's price.

## 5.8 **Currency exchange rates**

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

## 5.9 **Liabilities of the Company and the Sub-funds**

As explained in paragraph 2.2.1 where, under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. 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 whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

## 5.10 **Smaller companies**

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such

securities may be subject to more abrupt price movements than trading in the securities of larger companies.

#### 5.11 **Liquidity**

Depending on the types of assets the Fund invests 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.

#### 5.12 **Custody**

There may be a risk of loss where the assets of the Fund are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

#### 5.13 **Counterparty and Settlement**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### 5.14 **Inflation and Interest Rates**

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

#### 5.15 **Derivatives and volatility**

The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a 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 Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

**Derivatives will be used in the Fund for the purposes of efficient portfolio management (including hedging) only. The use of derivatives for efficient portfolio management should not lead to an increase in risk to the Fund.**

**On giving 60 days' notice to shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transaction for investment purposes and borrowing under the terms of the Regulations. Use of derivatives may change the risk profile of the relevant Fund.**

#### 5.16 **Efficient Portfolio Management**

The Fund may make use of efficient portfolio management techniques to reduce risk and/or costs in the Fund and to produce additional capital or income in the Fund. Techniques used by the Fund may include using derivatives for hedging, borrowing, holding cash and stock lending. Further details on all of these techniques can be found in Appendix IV (Investment and Borrowing Powers of the Company).

It is not intended that using derivatives for efficient portfolio management ("EPM") will increase the volatility of the Fund and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of derivatives may become ineffective in hedging or EPM and a Fund may suffer significant loss as a result. A Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Any income or capital generated by efficient portfolio management techniques will be paid to the Fund.

Use of one or more separate counterparties will be made to undertake derivative transactions on behalf of the Fund and the Fund may be required to pledge or transfer collateral paid from within the assets of the relevant Fund to secure such contracts. Collateral is also posted in relation to stock lending.

There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards to the return of collateral and any other payments due to the relevant Fund. The ACD or the Investment Manager measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager.

The stock lending documentation provides for compensation to be paid to the ACD in certain circumstances where the counterparty has failed to satisfy its liabilities under the contract. This compensation does, however, have some limitations and will not operate in all circumstances or where the counterparty is insolvent.

A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please contact the ACD.

#### 5.17 **Investing in other collective investment schemes**

Each Fund may invest in other regulated collective investment schemes. As an investor in another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

#### 5.18 **Tax risk**

The rates of, and any relief from, taxation may change over time. Tax information is set out later in the document. If you have any doubts about your tax position, you should seek professional advice.

#### 5.19 **Insolvency**

If a third party becomes insolvent the ACD will not be liable. Investors may claim through the Financial Services Compensation Scheme.



## 6. MANAGEMENT AND ADMINISTRATION

### 6.1 Regulatory Status

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

### 6.2 Authorised Corporate Director

#### 6.2.1 General

The ACD is Fund Partners Limited which is a private company limited by shares incorporated in England and Wales on 19 February 2001.

The executive directors of the ACD are:-

Christopher Spencer  
Marc Wood  
Revel Wood  
Ross Thomson

The non-executive directors of the ACD is:-

Marc Manassee

The Company has no other directors.

**Registered Office  
and Head Office:**

8/9 Lovat Lane, London EC3R  
8DW.

**Share Capital:**

An issued share capital of £1  
represented by 1 ordinary share  
of 100 pence fully paid.

**Ultimate Holding  
Company:**

Fundrock Holding S.A. is the  
ultimate holding company of the  
ACD.

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 Funds (as further explained in paragraph 6.4 below). It has also delegated to the Administrator and the Registrar

certain functions relating to administration and the Company's register (as further explained in paragraphs 6.6 and 6.7 below). The ACD has delegated various operational and fund accounting functions to Societe Generale S.A, London Branch.

### 6.2.2 **Terms of Appointment**

The appointment of the ACD has been made under an agreement effective from 25<sup>th</sup> November 2016 between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

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 ACD Agreement contains detailed provisions relating to the responsibilities of the ACD. It also excludes the ACD from any liability to the Company or any Shareholder. It also excludes the ACD from liability to the Company or any Shareholder for any error of judgment or loss suffered in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of recklessness, fraud, bad faith, wilful default or negligence in the performance or non-performance of its obligations and functions under the ACD Agreement. Any liability for defaults of a person to whom it has delegated certain functions is also limited to the extent permitted by the Regulations.

In accordance with the Regulations, the ACD has in place a number of policies which set out how it operates and manages the Funds in a number of key areas. The ACD's (and the Investment Manager's) voting policy (which sets out how and when voting rights attached to the Funds' investments are to be exercised), execution policy (which sets out the procedures to be followed when transactions are carried out on behalf of the Funds) and Level One Disclosure policy (which outlines our policies and procedures relating to our broker relationships and commission arrangements) are available on the following website: [www.fundpartners.co.uk](http://www.fundpartners.co.uk). Further information on how the ACD's policies are reviewed are also available on request.

Note that investors in the Funds may request from the ACD information about entities where trade orders are transmitted or placed for execution.

The Company has agreed to indemnify the ACD to the extent permitted by the COLL Sourcebook (for itself and its delegates) against claims and expenses that arise in respect of their duties, except where there is fault on its or their part of the kind referred to above.

Details of the fees payable to the ACD are set out in the paragraph 7.2 headed "Charges payable to the ACD" below.

The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders 60 days' written notice of the details of such fees.

The ACD Agreement is for an initial period of five years, and will continue after then unless and until terminated by resolution of the Company in general meeting on not less than 12 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

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

## **6.3 The Depositary**

### **6.3.1 General**

The Depositary of the Company is Societe Generale S.A, London Branch. Societe Generale S.A is a company incorporated France whose headquarters are 29 Boulevard Haussman, 75009, Paris, France. The principal business activity of the Depositary is the provision of financial services including trustee and depositary services. The Depositary is authorised by the PRA and regulated by the FCA. The address which should be used for correspondence is 41 Tower Hill, London EC3N 4SG.

The Depositary is responsible for the safekeeping of all the Scheme Property (other than tangible moveable 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 Funds.

### **6.3.2 Terms of Appointment**

The appointment of the Depositary has been made under an agreement effective from 28<sup>th</sup> November 2016, as amended from time to time, between the Company, the ACD and the Depositary (the "Depositary Agreement").

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary. The Depositary also acts as custodian of the Company.

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

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

The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as explained in paragraph 7.3 "Depositary's fee and expenses" below. The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

### **6.3.3 Delegation**

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix III to the Prospectus.

### **6.3.4 Conflicts of Interest**

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

(i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund;

(ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depository or its affiliates:

(i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;

(ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;

(iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Fund;

(iv) may provide the same or similar services to other clients including competitors of the Fund;

(v) may be granted creditors' rights by the Fund which it may exercise.

The Fund may use an affiliate of the Depository to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The ACD may also be a client or counterparty of the Depository or its affiliates.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

## 6.4 **The Investment Manager**

### 6.4.1 **General**

The ACD has appointed Octopus Investments Limited, to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager's registered office is at 33 Holborn, London EC1N 2HT.

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

### 6.4.2 **Terms of Appointment**

The Investment Manager was appointed by an agreement effective from 24<sup>th</sup> November 2016 between the ACD and the Investment Manager.

In the exercise of the ACD's investment functions, the Investment Manager shall (subject to the overall policy and supervision of the ACD) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the ACD under the Instrument of Incorporation or the Regulations to manage the investment of the Scheme Property of the Company. The Investment Manager has full power to delegate under the Investment Management Agreement.

The Investment Manager may also direct the exercise of rights (including voting rights) attaching to the ownership of the Company's Scheme Property.

The Investment Management Agreement may be terminated by either party giving no less than one (1) year's written notice. The Investment Management Agreement may be terminated immediately if it is in the best interests of investors or by written notice given by either party on the happening of certain events involving any material breach or insolvency. It will also terminate automatically if the agreement appointing the ACD is terminated or if the ACD or the Investment Manager cease to be authorised to act as such.

The Investment Manager is entitled to a fee paid from the property of the Fund.

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

## 6.5 **The Administrator**

### 6.5.1 **General**

On behalf of the Company, the ACD has appointed the Administrator, Investor Administration Solutions, to provide certain administration services. The Administrator's registered office is Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB.

## 6.6 **The Registrar**

### 6.6.1 **General**

On behalf of the Company, the ACD has also appointed Investor Administration Solutions to act as registrar to the Company. The registered office of the Registrar is Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB.

### 6.6.2 **Register of Shareholders**

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

The plan register (being a record of persons who subscribe for Shares through ISA plans) can also be inspected at the office of the Administrator.

## 6.7 **The Auditor**

The auditor of the Company is Deloitte LLP, whose address is Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB.

## 6.8 **Conflicts of Interest**

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



## **7. FEES AND EXPENSES**

### **7.1 General**

All the costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of shares (see paragraph 3.5) payable by a shareholder or out of Scheme Property are set out in this section.

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

- 7.1.1 the fees and expenses payable to the ACD;
- 7.1.2 fees and expenses payable to the Investment Manager;
- 7.1.3 fees and expenses payable to the Depositary and, indirectly, the fees and expenses of the Custodian (which are reimbursed by the Company or each Fund to the Depositary);
- 7.1.4 the fees and expenses payable to the Fund Accountant;
- 7.1.5 fees and expenses payable to the Administrator;
- 7.1.6 fees and expenses payable to the Auditor;
- 7.1.7 fees and expenses payable to any other services provider to the Company or any particular Fund;
- 7.1.8 transaction costs (including, without limitation, fees and/or expenses incurred in acquiring, registering and disposing of investments);
- 7.1.9 fees and expenses in respect of establishing and maintaining the Register of Shareholders (and any plan sub-register) and related functions;
- 7.1.10 fees and expenses in respect of third party system providers to enable STP with the Registrar;
- 7.1.11 expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- 7.1.12 fees in respect of the publication and circulation of details of the Net Asset Value and prices;

- 7.1.13 the fees and expenses of any professional advisers of the Company, the Investment Manager or the ACD in relation to the Company, including tax, legal counsel, foreign registration and translators;
- 7.1.14 the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund);
- 7.1.15 costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;
- 7.1.16 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;
- 7.1.17 payments, costs or any other administrative expenses in relation to the preparation of and dissemination of literature required or necessary for the purpose of complying with the Regulations or any other law or regulation (excluding the cost of disseminating the KIID or equivalent successor documentation);
- 7.1.18 tax and duties payable by the Company;
- 7.1.19 interest on and charges incurred in borrowings;
- 7.1.20 any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
- 7.1.21 fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country, territory or jurisdiction outside the United Kingdom in which Shares of a Fund are registered for distribution or may lawfully be marketed;
- 7.1.22 any costs incurred in the preparation, translation (where necessary) and production of reports required by regulation (in relation to taxation or for any other reason) in the United Kingdom and in any overseas territory in which the Funds are or may be lawfully marketed, to include SolvV, VAG, GroMiKV and any other reporting which may be required;
- 7.1.23 fees and expenses associated with administration of the Funds and pricing of the Shares;
- 7.1.24 the costs of publication of share prices in the Financial Times, Trustnet or other publications as determined by the ACD;

- 7.1.25 any payments and proper expenses otherwise due by virtue of changes to the Regulations including mandatory industry-wide directives;
- 7.1.26 costs (apart from promotional payments) in respect of communications with actual or potential investors;
- 7.1.27 fees of any paying, representative or other agents of the Company or the ACD;
- 7.1.28 additional fees charged in relation to clearing system arrangements in any jurisdiction where the shares of a Fund are registered for distribution;
- 7.1.29 any costs in modifying the ACD Agreement and any other relevant document required under the Regulations; and
- 7.1.30 the fees of any stock lending agent and the fees of the ACD for arranging any stock lending, subject to giving Shareholders 60 days' prior written notice of the details of these fees;
- 7.1.31 royalties, licensing fees and other like payments in relation to the use of intellectual property;
- 7.1.32 any costs and expenses related to reporting of data in relation to any requirement under the Regulations or where the ACD or the Company has an obligation to submit data under International law and agreement (e.g. in relation to UCITS V, FATCA etc.); and
- 7.1.33 all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation, translation, printing and distribution of any relevant scheme documents) and the creation, Conversion and cancellation of Shares in a new or existing Fund and any costs and expenses incurred in registering, having recognised or going through any other process in relation to the company or any Fund in any territory outside the UK for the purpose of marketing the Shares in such territory, including any translation costs.

VAT may be payable on these charges.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook. Currently, the Fund charges the ACD fee and other expenses against income. Where there is insufficient income to meet expenses any remaining expenses will be allocated to capital which will constrain capital growth.

## 7.2 Charges payable to the ACD

### 7.2.1 Annual Management Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Fund. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Fund on the immediately preceding Dealing Day and the amount due for each month is payable in respect of each calendar month as soon as practicable after the month end. The current annual management charges for the Fund (expressed as a percentage per annum of the Net Asset Value of each Fund) are displayed below.

<b>Fund</b>	<b>Share Class</b>	<b>Rate</b>
FP Octopus UK Micro Cap Growth Fund	Class P Accumulation Shares	0.60%
	Class S Accumulation Shares	0.50%

The Annual Management Charge rates are also set out in Appendix I.

### 7.2.2 Increase in the charges payable to the ACD

Any increase in the annual management charge by the ACD will be carried out in accordance with the Regulations.

### 7.2.3 Expenses

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above.

VAT is payable on the charges or expenses mentioned above, where appropriate.

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.

The current annual fee payable to the ACD for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

## 7.3 Depositary's fee and expenses

The Depositary is entitled to receive out of Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge in respect of each Fund will

be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook.

The current rate of the Depositary's periodic charge (expressed as a percentage per annum of the Net Asset Value of each Fund and subject to a minimum charge) is set out below. It is calculated daily on the Net Asset Value of each Fund on the previous Business Day. The valuation used for each day which is not a Business Day will be the value calculated on the previous Business Day. In addition Value Added Tax on the amount of the periodic charge will be paid out of the Fund.

<b>Net Asset Value (NAV)</b>	<b>Rates</b>
Greater than £0 and up to and including £100 million.	0.04%
Greater than £100 million and up to and including £200 million.	0.03%
Greater than £200 million and up to and including £1 billion.	0.02%
Greater than £1 billion.	0.01%
Subject to a minimum fee of £15,000 per annum per Fund (excluding VAT).	

In the event of the termination of a Fund, the Depositary shall continue to be entitled to a periodic charge in respect of that Fund for the period up to and including the day on which the final distribution in the termination of the Fund shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Fund commences, the value of the Scheme Property shall be the Net Asset Value determined at the beginning of each such day.

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration, out of Scheme Property, custody fees where it acts as Custodian and other transaction and bank charges.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time.

The current remuneration ranges from between 0.005% to 0.5% per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate

determined by the territory or country in which the assets of the Funds are held. The current range of transaction charges is between £7 and £100 per transaction plus VAT (if any).

#### Additional Custody Charges

Subscriptions/Redemptions in Funds:

Mutual fund - £18 per transaction and safekeeping fees of 0.025% per annum of the value of Scheme Property plus VAT (if any).

Custody Services for Unlisted Assets:

£40 per transaction plus VAT (if any) and safekeeping fees ranging from between 0.005% to 0.5% per annum plus VAT (if any) dependent on the market.

Instructions Processing:

Manually instructed operation - £25 per manual instruction;

Instruction cancellation - £20 per instruction cancellation;

Instruction modification (repair) – £20 per modified instruction.

Custody and transaction charges will be payable monthly in arrears.

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Company and each Fund. Such expenses include, but are not restricted to:

- (i) delivery of stock to the Depositary or custodian;
- (ii) custody of assets;
- (iii) collection of income and capital;
- (iv) submission of tax returns;
- (v) handling tax claims;
- (vi) preparation of the Depositary's annual report;
- (vii) arranging insurance;
- (viii) calling Shareholder meetings and otherwise communicating with Shareholders;
- (ix) dealing with distribution warrants;
- (x) taking professional advice;

- (xi) conducting legal proceedings;
- (xii) such other duties as the Depositary is permitted or required by law to perform.

Such expenses shall be paid as soon as practicable after such expenses have arisen.

VAT (if any) in connection with any of the above is payable in addition.

7.4 Expenses not directly attributable to a particular Fund will be allocated between Funds. In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an 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.

7.5 **Investment Manager's fee**

The Investment Manager is entitled to receive out of the property of the relevant Fund, by way of remuneration for its services, a periodic charge (plus any VAT thereon) which will accrue and be calculated daily and will be payable monthly. The rate charged is as follows:

<b>Investment Manager</b>	<b>Rate</b>
Octopus Investments Limited	0.75% in respect of FP Octopus UK Micro Cap Growth Fund

7.6 **Fund Accountant's Fees**

The Fund Accountant is entitled to receive out of the property of the relevant Fund, by way of remuneration for its services, an annual fee (plus any VAT thereon) which will accrue and be calculated daily and will be payable monthly based on month end values. The fees currently charged by the Fund Accountant for each Fund (expressed as a percentage per annum of the Net Asset Value of each share class and subject to a minimum fee) are set out below.

<b>Net Asset Value (NAV)</b>	<b>Rates</b>
Greater than £0 and up to and including £100 million.	0.025%
Greater than £100 million and up to and including £600 million.	0.015%
Greater than £600 million.	0.005%

Subject to a minimum fee of £18,000 per annum per Fund (excluding VAT).
<p><u>Additional fees:</u></p> <p>£1,200 (excluding VAT) for any additional share classes (above 2 classes per sub-fund)</p> <p>£2,500 (excluding VAT) will be charged for the preparation of financial statements for each sub-fund per annum.</p>

## 7.7 Administrator's Fees

The Administrator is entitled to receive out of the property of the each Fund, by way of remuneration for its services, the fees set out below (plus any VAT thereon):

Fixed annual fee per Fund	£3,000 per annum (based on 2 share classes per Fund)*
Standard Deal Fee – Per manual investor trade	£17 per deal
Electronic Deal Fee – Per electronic investor trade	£7.50 per deal
*The annual charge above only permits up to 2 share classes per Fund. Additional share classes will be charged at an additional £500 per share class (plus VAT, if applicable).	

## 7.8 Registrar's Fees

The Registrar is entitled to receive fees out of the property of the each Fund for providing registration services (including establishing and maintaining sub-registers where applicable and tax-incentivised savings schemes).

The annual shareholder fees are set out below (plus any VAT thereon):

Annual Shareholder Fee – per Shareholder on the Register	£30 per annum for a Retail Investor £20 per annum for an Institutional Investor
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## 7.9 **Auditor's Fee**

The Fund's Auditor is entitled to receive an annual fee out of the property of the Fund, by way of remuneration for its services.

## 7.10 **Fee increases**

All fixed fees may be subject to a statutory annual increase.

## 7.11 **Allocation of fees and expenses between Funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the 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 Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

Where income is insufficient to pay charges the residual amount is taken from capital.

## **8. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1 Class and Fund Meetings**

The Company has dispensed with the need to hold Annual General Meetings.

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

### **8.2 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.

### **8.3 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.

### **8.4 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 the date seven days before the notice of meeting is sent out.

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 senior 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 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. TAXATION**

### **9.1 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 Funds and of investors who are United Kingdom resident (except where indicated) and hold Shares as investments. 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.

### **9.2 The Funds**

Each Fund is treated as a separate entity for United Kingdom tax purposes. The Funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them.

Dividends from United Kingdom and non-United Kingdom companies are received by a Fund with a tax credit and no further tax is payable by the Fund on that income. The Funds will each be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where a Fund suffers foreign tax on income received, this may normally be treated as an expense or deducted from any United Kingdom tax payable on that income.

Formerly, surrenders and certain other transfers of Shares of a Fund could result in such Fund incurring a liability for UK stamp duty reserve tax ("SDRT") pursuant to Schedule 19, Finance Act 1999. The charging of SDRT on such transactions pursuant to Schedule 19, Finance Act 1999 was abolished by Finance Act 2014 in relation to surrenders and relevant other transfers made or effected on or after 30 March 2014.

### **9.3 Shareholders**

#### **9.3.1 Income - Equity Funds**

Funds which are so called "Equity" Funds for the purposes of tax will pay any distributable income as dividend distributions, (which will be automatically retained in the Fund in the case of accumulation Shares). Details of whether a particular Fund is an "Equity" Fund or a "Bond" Fund for tax purposes are set out in Appendix I.

#### ***UK resident individual Shareholders***

When the Company makes a dividend distribution a UK resident individual Shareholder may be liable to tax on such distribution.

For UK resident individuals, no income tax is payable in respect of the first £5,000 of dividend income received from all sources in the tax year (although such income will still count towards the basic, higher and additional rate thresholds). For dividends received above £5,000 in a tax year, the dividend income would be taxable at 7.5%, 32.5% and 38.1% for income falling within the basic rate, higher rate and additional rate bands respectively. The Government has announced that the annual dividend allowance will reduce from £5,000 to £2,000 with effect from 6 April 2018.

Individuals should note that if the receipt of dividend income takes them from one band/tier of UK personal taxation to another, the tax due on the excess dividend income over the annual allowance will be at the rates applicable to the new band/tier.

A UK resident individual Shareholder who holds their Shares in an ISA will be exempt from income tax on dividend distributions in respect of such Shares.

### ***Corporate Shareholders within the scope of corporation tax***

A dividend distribution made by the Company in respect of Income Shares (or deemed to be made in respect of Accumulation Shares) to a corporate Shareholder within the charge to corporation tax in respect of its investment in the Company will be split into franked and unfranked parts according to the underlying gross income of the Company. Very broadly, the unfranked part corresponds to such part of the Company's gross income as does not derive from franked investment income. The franked part will be treated in the same way as exempt dividend income received by a UK resident corporate Shareholder. The unfranked part will be treated as an annual payment received after deduction of income tax at the basic rate (currently 20%) from a corresponding gross amount and the corporate Shareholder will be liable to corporation tax on it accordingly, but with the benefit of credit for, or (subject to any applicable restrictions) repayment of, the income tax deducted at source.

### ***Non-UK resident Shareholders***

Dividend distributions will be made gross to Shareholders who are not UK resident. Non-resident Shareholders who are individuals are not liable to UK income tax on the dividend distribution. Non-UK resident Shareholders are recommended to seek professional advice as to the tax consequences of receiving a dividend distribution under the law of the jurisdiction of their residence.

Non-resident trusts may be chargeable to UK income tax on distributions made by the Company and are recommended to seek professional advice.

### 9.3.2 **Income - Bond Funds**

Funds which are so called "Bond" Funds for the purposes of tax currently pay interest distributions (which will be automatically retained in the case of accumulation Shares). Details of whether a particular Fund is an "Equity" Fund or a "Bond" Fund for tax purposes are set out in Appendix I.

With effect from 6 April 2017, interest distributions will be paid gross to shareholders (with no income tax deducted from the payment).

UK resident individual shareholders will (subject to any available allowance) be subject to income tax at the relevant rate on any interest distributions (or deemed distribution from accumulation shares) from any Fund of the Company.

A UK resident individual shareholder may be entitled to a personal savings allowance in each tax year (the amount of the allowance, if any, depends on whether the taxpayer is a basic, higher or additional rate taxpayer).

A UK resident individual shareholder who holds their Shares in an ISA will be exempt from income tax on interest distributions in respect of such Shares.

A corporate shareholder within the charge to UK corporation tax in respect of a shareholding will be subject to corporation tax on any interest distributions (or deemed distribution from accumulation shares) from any Fund of the Company.

Non-United Kingdom resident Shareholders may be entitled to a refund from HM Revenue and Customs of the tax deducted from their interest distributions (or a proportion of it). This will depend on their personal circumstances and the terms of any double taxation agreement between their country of residence and the United Kingdom.

Currently no Bond Funds are available within the Company.

### 9.3.3 **Reporting requirements**

The Company is required to report details of interest paid to residents of the United Kingdom, the European Union and certain other jurisdictions to HM Revenue & Customs each year.

The Company may also report information about Shareholders to HMRC in compliance with its domestic (and any overseas) obligations relating to FATCA. For more information, see section 3.1.1 above.

#### 9.3.4 **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. Equalisation will be applied on all of the Funds.

#### 9.3.5 **Capital Gains**

##### ***UK resident individual Shareholders***

An individual Shareholder will be liable to capital gains tax on any chargeable gain accruing on the disposal or deemed disposal (including redemption, switches and certain conversions) of Shares in the Company. Capital gains tax is generally charged at rates of 10% and 20%, dependent on an individual's total amount of taxable income and gains within a tax year. An individual Shareholder may also be entitled to set all or part of any gains against their annual capital gains tax exemption.

A UK resident individual Shareholder who holds their Shares in an ISA will be exempt from capital gains tax on any gain accruing on the disposal or deemed disposal of Shares.

Individual Shareholders will find further information in HM Revenue and Customs Help Sheets for the capital gains tax pages of their tax returns.

##### ***Corporate Shareholders within the scope of corporation tax***

Subject to the possible application of the rules treating a shareholding in the Company as a loan relationship, a corporate Shareholder within the charge to corporation tax in respect of its investment in the Company will be liable to corporation tax on any chargeable gain accruing to it on the disposal or deemed disposal (including redemption, switches and certain conversions) of its Shares in the Company. An indexation allowance may be available to reduce or eliminate such a gain but not to create or increase an allowable loss.

#### 9.4 **Inheritance Tax**

A gift by an individual Shareholder who is domiciled (or deemed domiciled) in the UK for inheritance tax purposes of their Shares in the Company or the death of such a Shareholder may give rise to a liability to inheritance tax. For these purposes, a transfer of Shares at less than the full market value may be treated as a gift.

## 9.5 **Stamp Duty Reserve Tax (SDRT)**

Investors will be liable to SDRT at 0.5% on acquiring Shares from a third party (that is other than on an issue of Shares by the Company). SDRT may also apply in cases where an investor redeems Shares in consideration of a transfer of assets of the Company other than cash (i.e. an in specie redemption) where that consideration is non-pro rata (i.e. not in proportion to the total assets of the Company).

## 9.6 **OECD Common Reporting Standard (CRS)**

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

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

## 9.7 **FATCA**

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

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

For further information on FATCA please refer to the International Tax Reporting section of this Prospectus which precedes the contents pages.



## **10. WINDING UP OF THE COMPANY OR TERMINATION OF A 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 Fund may only be terminated under the COLL Sourcebook.

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

The Company may be wound up or a Fund must be terminated under the COLL Sourcebook:

- 10.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 10.2 when the period (if any) fixed for the duration of the Company or a particular 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 Fund is to be wound up or terminated (as appropriate) (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £10 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 Fund); or
- 10.3 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 Fund; or
- 10.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or
- 10.5 in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- 10.6 on the date on which all of the Funds fall within 10.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- 10.7 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 Fund;

- 10.8 the Company will cease to issue and cancel Shares in the Company or the relevant 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 Fund;
- 10.9 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;
- 10.10 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;
- 10.11 the corporate status and powers of the Company and subject to 10.7 to 10.10 above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up or terminated (as appropriate), realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up/termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company or the particular 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 Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular 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 Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the 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 it within two months of the completion of the winding up or termination.

## **11. GENERAL INFORMATION**

### **11.1 Accounting Periods**

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

**The first annual accounting reference date will be the 28<sup>th</sup> February 2018.**

### **11.2 Income Allocations**

Some Funds may have interim and final income allocations and other Funds may have quarterly income allocations and some Funds may only have final income allocation dates (see Appendix I). For each of the Funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Fund in which income Shares are issued are paid by BACS directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

For Funds in which accumulation Shares are issued, income will become part of the capital property of the 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 Fund (or, if that no longer exists, to the Company).

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 Fund in respect of that period, and deducting the charges and expenses of the relevant 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 auditor 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.

With the agreement of the Depositary individual amounts of income of £10 or less may not be paid.

The Company will operate grouping for equalisation. Each Class will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 Shares. Shares purchased during any previous distribution period are called Group 1 Shares. Group 2 Shares contain in their purchase price an amount called

equalisation which represents a proportion of the net income of the Fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital, this is not liable to income tax but must be deducted from the cost of Shares for capital gains tax purposes.

The amount of income equalisation in respect of any Share applies shall be either the actual amount of income included in the issue price of that Share, or, an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that Class issued or sold to Shareholders in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

### 11.3 **Annual Reports**

The annual report of the Company will normally be published within two months of each annual accounting period although the ACD reserves the right to publish the annual report at a later date but not later than four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. A long report containing the full accounts is available to any person free of charge at [www.fundpartners.co.uk](http://www.fundpartners.co.uk) and upon request to the ACD directly.

### 11.4 **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 8/9 Lovat Lane, London EC3R 8DW:

11.4.1 the most recent annual and half yearly reports of the Company;

11.4.2 the Prospectus;

11.4.3 the Instrument of Incorporation (and any amending documents); and

11.4.4 the material contracts referred to below.

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 annual and half yearly reports of the Company, the Instrument of Incorporation and the Prospectus are available free of charge).

## 11.5 **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:

11.5.1 the ACD Agreement effective from 28<sup>th</sup> November 2016 between the Company and the ACD; and

11.5.2 the Depositary Agreement effective from 28<sup>th</sup> November 2016 between the Company the Depositary and the ACD.

11.5.3 the Investment Management Agreement effective from 28<sup>th</sup> November 2016 between the Investment Manager and the ACD.

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

## 11.6 **ACD not able to give Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 8/9 Lovat Lane, London EC3R 8DW. 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.

## 11.7 **Telephone Recordings**

Please note that the ACD and the Administrator may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Telephone recordings will be stored for up to 7 years.

## 11.8 **Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Complaints Officer of the ACD at 8/9 Lovat Lane, London EC3R 8DW or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR.

## 11.9 **Indemnity**

11.10 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.

### 11.11 **Notices**

All notices or documents required to be served on Shareholders shall be served by post to the address of the Shareholder as evidenced on the register. All documents and remittances are sent at the risk of the Shareholder.

### 11.12 **Remuneration Disclosure**

Under the requirements of UCITS V and the UCITS Remuneration Code, Fund Partners, as UCITS Manager, must establish and apply remuneration policies and practices for its staff that have a material impact on the risk profile of Fund Partners or the Fund.

These practices must be consistent with and promote sound and effective risk management, not encourage risk taking which is inconsistent with the risk profile of the Fund as detailed in the Instrument of Incorporation or the Prospectus, and does not impair Fund Partners' compliance with its duty to act in the best interest of the Fund it manages. Under the UCITS Remuneration Code, Fund Partners is required to disclose how those individuals whose actions have a material impact on the Fund are remunerated.

Fund Partners considers its activities as non complex due to the fact that regulation limits the UCITS strategies conducted and the scope of investment is in such a way that investor risk is mitigated. The discretion of Fund Partners and the portfolio manager is strictly controlled within certain pre-defined parameters as determined in the prospectus of each UCITS. In its role as UCITS Manager, Fund Partners deems itself as lower risk due to the nature of the activities it conducts and the size of the firm. Therefore the remuneration strategy across Fund Partners is governed by the Fund Partners Board and Fund Partners has chosen not to have a Remuneration Committee. The Fund Partners Board has established a Remuneration Policy designed to ensure the UCITS Remuneration Code in the UK Financial Authority handbook are met proportionality for all UCITS Remuneration Code Staff.

The annual report of the Company and an up to date version of the ACD'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 may be obtained free of charge from the ACD at Fund Partners Limited, 8/9 Lovat Lane, London EC3R 8DW or during normal business hours on 0203 697 1020. These documents are available in English.

## APPENDIX I

### FUND DETAILS

<b>Name:</b>	FP Octopus UK Micro Cap Growth Fund
<b>Type of Fund:</b>	UCITS Scheme
<b>Launch Date:</b>	28 <sup>th</sup> November 2016
<b>Investment objective:</b>	<p>The investment objective of the Fund is to achieve capital growth by focusing on areas of the UK market where the Investment Manager identifies capital growth opportunities.</p>
<b>Investment policy:</b>	<p>The Fund will invest predominantly in small cap equities. It is expected that opportunities will be focused on UK incorporated smaller companies with a full market listing, AIM listing or listed on ISDX. The Investment Manager may also choose to invest in a limited amount of bonds and/or collective investment schemes and has the flexibility to hold derivatives for the purposes of efficient portfolio management only.</p> <p>The ACD shall ensure that, taking into account the investment objective and policy of the Fund, the property of the Fund aims to provide a prudent spread of risk.</p> <p>Investors should note that while the investment objective of the Fund is to achieve long term capital growth there may be situations in which an income return is also achieved.</p> <p>Investors' attention is drawn to the detailed risk warnings in this Prospectus. On giving Shareholders 60 days' notice, the Funds will be able to also use derivatives for investment purposes. Shareholders should note the risk warning at section 5.15 of this Prospectus in relation to the Funds using derivatives for investment purposes following the giving of 60 days' pre-notification.</p> <p>The Fund will be managed in a manner that maintains eligibility for ISAs.</p>
<b>Final accounting date:</b>	Last day of February
<b>Interim accounting date:</b>	31 August
<b>Income accumulation dates*:</b>	30 April (final), 31 October (interim)
<b>Valuation Point:</b>	12 noon
<b>Dealing frequency:</b>	Daily on each Dealing Day

<b>Classes of Shares:</b>	Class P	Class S†
<b>Type of Shares:</b>	Accumulation	Accumulation
<b>Currency of denomination:</b>	Pounds sterling	Pounds sterling
<b>Initial charge:</b>	0%	7.5%
<b>Redemption charge:</b>	Nil	Nil
<b>Annual Management Charge:</b>	0.60%	0.50%
<b>Minimum initial investment:</b>	£1,000	£2,500,000
<b>Minimum subsequent investment:</b>	N/A	N/A
<b>Minimum holding:</b>	£1,000	£2,500,000
<b>Minimum redemption:</b>	N/A	N/A
<b>Minimum collection amount for regular savings:</b>	£100 per month	N/A
<b>Regular Withdrawal Facility:</b>	N/A	N/A
<b>ISA status:</b>	Qualifying Investment for stocks and shares component	Qualifying Investment for stocks and shares component
<b>Charges taken from income or capital:</b>	Income	Income
<b>Past performance:</b>	Past performance information is set out in Appendix VI	Past performance information is set out in Appendix VI
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.	The Fund is an Equity Fund for the purposes of tax.
<b>Whether Shares will be issued in any other currency:</b>	No	No

\*Income will normally be accumulated within two months of the final accounting date but the ACD reserves the right to accumulate at a later date but not later than four months after the accounting date as permitted by the Regulations.

The first income accumulation date for the Fund will be **31<sup>st</sup> October 2017**.

†Class S Shares are closed to any new business and existing holders are unable to top-up their current investment.



## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Fund may deal through securities which are regulated markets and meet the requirements for Eligible Markets as set out in COLL 5.2.10 which includes any market which is regulated, operates regularly and is open to the public located in an EEA State\*.

\*Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

Detailed below are the additional eligible markets on which the Funds are currently permitted to deal:

<b>For approved securities</b>	
<b>Country</b>	<b>Stock Exchange</b>

## APPENDIX III

### SUB-CUSTODIANS

The Depositary, Societe Generale S.A, London Branch, with an office at 41 Tower Hill, London EC3N 4SG, acts as global custodian and performs those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive.

The custodian has appointed local sub-custodians as listed below.

<b>MARKET</b>	<b>SUB-CUSTODIAN</b>
United Kingdom	EUROCLEAR BANK - Brussels; HSBC UK

## **APPENDIX IV**

### **INVESTMENT AND BORROWING POWERS OF THE COMPANY**

#### **1. General**

The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund, but subject to the limitations set out in the Fund's investment policy, the applicable rules in Chapter 5 of the COLL Sourcebook ("COLL 5"), the Instrument of Incorporation and this Prospectus.

Normally, a Fund will be fully invested save for an amount to enable the pursuit of a Fund's investment objective, redemption of Shares, efficient management of the Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

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

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

##### **1.2 Cover**

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

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

1.2.2.1 it must be assumed that in applying any of those rules, the Funds must also simultaneously satisfy any other obligation

relating to cover; and

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

## **2. UCITS Schemes - general**

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

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 derivatives and forward transactions;

2.1.4 deposits; and

2.1.5 units or shares in collective investment schemes.

## **3. Transferable Securities**

3.1 Up to 100% of Scheme Property may consist of transferable securities. For the purposes of COLL a transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures) article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

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

3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc), 77 (instruments creating or acknowledging indebtedness) or 77A (alternative debentures) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

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

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

- 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder under the COLL Sourcebook:
- 3.5.3 reliable valuation is available for it as follows:
  - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 3.5.4 appropriate information is available for it as follows:
  - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 3.5.5 it is negotiable; and
- 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 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:
  - 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder; and
  - 3.6.2 to be negotiable.
- 3.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants.

#### **4. Closed end funds constituting transferable securities**

4.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:

4.1.1 where the closed end fund is constituted as an investment company or a unit trust:

4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

4.1.2 Where the closed end fund is constituted under the law of contract:

4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

5.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and

5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

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

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

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

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

- 6.2.2 has a residual maturity of up to and including 397 days;
  - 6.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
- 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.
- 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 6.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

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

- 7.1 Transferable securities and approved money-market instruments held within a Fund must be:
- 7.1.1 admitted to or dealt on an eligible market (as described in 8.3.1 or 8.3.2); or
  - 7.1.2 dealt on an eligible market (as described in 8.4); or
  - 7.1.3 a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 9.1 of "Money-market instruments with a regulated issuer" below); or
  - 7.1.4 recently issued transferable securities provided that:
    - 7.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

7.1.4.2 such admission is secured within a year of issue.

7.2 However, a Fund may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

## **8. Eligible markets regime: purpose and requirements**

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

8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above 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.

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

8.3.1 a regulated market as defined in the FCA Handbook; or

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

8.4 A market not falling within paragraph 8.3 of this Appendix is eligible for the purposes of COLL 5 if:

8.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;

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

8.4.3 the Depositary has taken reasonable care to determine that:

8.4.3.1 adequate custody arrangements can be provided for the investments dealt in on that market; and

8.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

8.6 The eligible markets for each Fund are set out in Appendix II.



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

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

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

9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 below.

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

9.2.1 the instrument is an approved money-market instrument;

9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 below; and

9.2.3 the instrument is freely transferable.

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

10.1 A Fund may invest in an approved money-market instrument if it is:

10.1.1 issued or guaranteed by any one of the following:

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

10.1.1.2 a regional or local authority of an EEA State;

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

10.1.1.4 the European Union or the European Investment Bank;

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

10.1.1.6 a public international body to which one or more EEA States belong; or

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

10.1.3 issued or guaranteed by an establishment which is:

- 10.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
  - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 10.2.1 it is located in the European Economic Area;
  - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 10.2.3 it has at least investment grade rating;
  - 10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

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

- 11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:
- 11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 11.1.3 available and reliable statistics on the issue or the issuance programme.
- 11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:
- 11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

- 11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 11.3 In the case of an approved money-market instrument:
  - 11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or
  - 11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1; and
  - 11.3.3 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## **12. Spread: general**

- 12.1 This rule on spread does not apply to government and public securities.
- 12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 12.3 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 12.5 The limit of 5% in paragraph 12.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.7 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money market instruments issued by the same group.

- 12.8 Not more than 20% in value of the Scheme Property of a Fund is to consist of the units of any one collective investment scheme. The Fund limits itself to 10% in value of the Scheme Property being invested in other collectives.
- 12.9 The COLL Sourcebook provides that in applying the limits in 12.3, 12.4 and 12.6 and subject to 12.5, not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:
- 12.9.1 transferable securities (including covered bonds) or approved money market instruments issued by; or
  - 12.9.2 deposits made with; or
  - 12.9.3 exposures from OTC derivatives transactions made with;  
a single body.

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

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in 12.6 and 12.9 above.
- 13.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in 12.6 above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided:
- 13.3.1 they are able legally to enforce netting agreements with the counterparty on behalf of the Fund; and
  - 13.3.2 the netting agreements in 13.3.1 are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 13.4 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 13.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in 12.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 13.6 Collateral passed in accordance with 13.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Fund.

- 13.7 The ACD must calculate the issuer concentration limits referred to in 12 above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 13.8 In relation to the exposure arising from OTC derivatives as referred to in 12.9.3, the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

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

- 14.1 The following section applies to government and public securities (“such securities”).
- 14.2 No more than 35% in value of the Scheme Property of a Fund may be invested in such securities issued by any one body. However, there is no limit on the amount which may be invested in such securities or in any one issue.
- 14.3 The Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 14.3.1 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 Fund;
  - 14.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - 14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
  - 14.3.4 the disclosures required by the FCA have been made.
- 14.4 In giving effect to the foregoing object no funds currently invest more than 35% of their Scheme Property in Government and other public securities issued by any one body.
- 14.5 Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in 12.9 with respect to a single body, government and public securities issued by that body shall be taken into account.

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

- 15.1 Up to 10% in value of the Scheme Property of each Fund may be invested, in units or shares in other collective investment schemes (“Second Scheme”) provided the Second Scheme satisfies all of the following conditions.
- 15.1.1 The Second Scheme must:

- 15.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- 15.1.1.2 be recognised under the provisions of s.270 of the Financial Services and Markets Act 2000; or
- 15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or
- 15.1.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or
- 15.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
  - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met).
- 15.1.2 The Second Scheme has terms which prohibit more than 10% in value of its Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.1.2, paragraph 15.1.3 and paragraph 12 apply to each Fund as if it were a separate scheme.
- 15.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if a Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in COLL are complied with.
- 15.2 If a substantial proportion of a Fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to a Fund will be 6%.
- 15.3 The Funds may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates (including, but not limited to, companies within the ACD's group).

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

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

## **17. Derivatives: general**

**The Investment Manager may employ derivatives solely for the purpose of hedging in accordance with Efficient Portfolio Management.**

**To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Funds may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.**

- 17.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 19 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives and forward transactions) of this Appendix.
- 17.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 17.3 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

- 17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 17.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 20 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.
- 17.7 In the context of this Prospectus, "efficient portfolio management" means the use of derivatives (which are reasonably regarded by the ACD as economically appropriate and are fully covered) in order to achieve a reduction in certain relevant risks, a reduction of costs, or to generate additional capital or income for the Funds with no, or an acceptably low level of risk.

**The Funds will be able to use derivatives for the purpose of efficient portfolio management purposes.**

**On giving Shareholders 60 days' notice, the Funds will be able to also use derivatives for investment purposes. Shareholders should note the risk warning at section 5.17 of this Prospectus in relation to the Funds using derivatives for investment purposes following the giving of 60 days' pre-notification.**

## **18. Efficient Portfolio Management**

- 18.1 The Company may also utilise the property of each Fund to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. There is no limit on the amount or value of the Scheme Property which may be used for EPM but 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 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. **The use of derivatives for EPM should not lead to an increase in risk to the Funds.**



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

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

18.2.2 transactions for the generation of additional capital growth or income for a 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:

18.2.2.1 pricing imperfections in the market as regards the property which a Fund holds or may hold; or

18.2.2.2 receiving a premium for the writing of a covered call option or a covered put option on property of a Fund which the Company is willing to buy or sell at the exercise price, or

18.2.2.3 stock lending arrangements.

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

18.3 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.

18.4 A transaction may not be entered into for the purposes of EPM if its purpose could reasonably be regarded as speculative.

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

19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 24 (OTC transactions in derivatives).

19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraph 10 (Approved Money-Market Instruments), deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 15 (Investment in

collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20 AR, interest rates, foreign exchange rates, and currencies.

- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 A transaction in a derivative must not cause the Company and/or a Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 22 are satisfied.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

## **20. Financial Indices underlying derivatives**

- 20.1 The financial indices referred to in 19.2 are those which satisfy the following criteria:
  - 20.1.1 the index is sufficiently diversified;
  - 20.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 20.1.3 the index is published in an appropriate manner.
- 20.2 A financial index is sufficiently diversified if:
  - 20.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 20.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - 20.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 20.3 A financial index represents an adequate benchmark for the market to which it refers if:

- 20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 20.4 A financial index is published in an appropriate manner if:
- 20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 19.2, be regarded as a combination of those underlyings.

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

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

## **22. Requirement to cover sales**

- 22.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by that Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Fund at the time of the agreement. This requirement does not apply to a deposit.

## **23. Valuation of OTC derivatives**

- 23.1 For the purposes of paragraph 24.1, the ACD must:

- 23.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
  - 23.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 23.2 Where the arrangements and procedures referred to in 23.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (5) to (6) (Due diligence requirements of AFMs of UCITS schemes).
- 23.3 The arrangements and procedures referred to in 23.1 above must be
- 23.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 23.3.2 adequately documented.

## **24. OTC transactions in derivatives**

- 24.1 Any transaction in an OTC derivative under paragraph 19.1 must be:
- 24.1.1 in a future or an option or a contract for differences;
  - 24.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
  - 24.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
  - 24.1.4 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:
    - 24.1.4.1 on the basis of an up-to-date market value which has been agreed is reliable; or

- 24.1.4.2 if the value referred to in 24.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 24.1.5 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:
  - 24.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 24.1.5.2 a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.

For the purposes of 24.1.3 above, "fair value" is the amount for which an asset could be changed or a liability settled, between knowledgeable willing parties in an arms length transaction.

## **25. Risk management**

- 25.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of that Fund. Before using the process, the ACD will notify the FCA of the details of the risk management process. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
  - 25.1.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits.
  - 25.1.2 the methods for estimating risks in derivative and forward transactions.
- 25.2 The ACD must notify the FCA in advance of any material alteration to the details above.

## **26. Investment in deposits**

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

## **27. Significant influence**

- 27.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
- 27.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives that Company power significantly to influence the conduct of business of that body corporate; or
  - 27.1.2 the acquisition gives the Company that power.
- 27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **28. Concentration**

The Company:

- 28.1 must not acquire transferable securities other than debt securities which:
- 28.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 28.1.2 represent more than 10% of these securities issued by that body corporate;
- 28.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 28.3 must not acquire more than 25% of the units in a collective investment scheme;
- 28.4 must not acquire more than 10% of the approved money market instruments issued by any single body;
- 28.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **29. Derivative exposure**

- 29.1 The Funds may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered

from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

- 29.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Fund is committed. Paragraph 31 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of that Fund.
- 29.3 A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 29.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

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

- 30.1 Notwithstanding paragraph 12 (Spread: general), a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 30.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 30.3 The 20% limit can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 30.4 In the case of a Fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where a Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 30.5 The indices referred to above are those which satisfy the following criteria:
- 30.5.1 the composition is sufficiently diversified;

- 30.5.2 the index represents an adequate benchmark for the market to which it refers; and
- 30.5.3 the index is published in an appropriate manner.
- 30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 30.8 An index is published in an appropriate manner if:
  - 30.8.1 it is accessible to the public;
  - 30.8.2 the index provider is independent from the Company; this does not preclude index providers and the Company from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

### **31. Cover for investment in derivatives and forward transactions**

- 31.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
  - 31.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and
  - 31.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 12 above (Spread: general).

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

- 32.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.
- 32.2 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

### **33. Calculation of global exposure**

- 33.1 The ACD must calculate the global exposure of any Fund it manages either as:
  - 33.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in Paragraph 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or



- 33.1.2 the market risk of the Scheme Property.
- 33.2 The ACD must calculate the global exposure of a Fund by using:
  - 33.2.1 the commitment approach; or
  - 33.2.2 the value at risk approach.
- 33.3 The ACD must ensure that the method selected in 33.2 is appropriate, taking into account:
  - 33.3.1 the investment strategy pursued by the Fund;
  - 33.3.2 the types and complexities of the derivatives and forward transactions used; and
  - 33.3.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 33.4 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with Paragraph 35 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- 33.5 For the purposes of 33.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
- 33.6 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
  - 33.6.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in Paragraph 17 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with Paragraph 35 (Stock lending); and
  - 33.6.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 33.7 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 33.8 The ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

- 33.9 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with Paragraph 39 (Borrowing powers) need not form part of the global exposure calculation.

#### **34. Cover and Borrowing**

- 34.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 31 (Cover for investment in derivatives) except where 34.2 below applies.
- 34.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 34.1 on deposit with the lender (or his agent or nominee), then this paragraph 34.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

#### **35. Stock lending**

- 35.1 The entry into stock lending transactions or repo contract for the account of a Fund is permitted for the generation of additional income for the benefit of that Fund, and hence for its investors.
- 35.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 35.3 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 35.4 The Company or the Depositary at the request of the Company may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company, are in a form which

is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4R(1)(b), and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

- 35.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 35.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 35.7 There is no limit on the value of the Scheme Property of a Fund which maybe the subject of stock lending transactions or repo contract.

## **36. Cash and near cash**

- 36.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 36.1.1 the pursuit of a Fund's investment objectives; or
  - 36.1.2 redemption of units; or
  - 36.1.3 efficient management of a Fund in accordance with its investment objectives; or
  - 36.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.

## **37. General**

- 37.1 It is not intended that a Fund will have an interest in any immovable property or tangible movable property.
- 37.2 It is envisaged that a Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of units, efficient management of a und or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Fund.

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

37.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of shareholders.

### **38. Underwriting**

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

### **39. Borrowing powers**

39.1 The ACD may, subject to COLL borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.

39.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the 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.

39.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of a Fund.

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

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

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

40.2 Acquiring a debenture is not lending for the purposes of paragraph 40.1, nor is the placing of money on deposit or in a current account.

40.3 Nothing in paragraph 40.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (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.

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

- 41.1 Scheme Property of the Funds other than money must not be lent by way of deposit or otherwise.
- 41.2 Transactions permitted by paragraph 35 (Stock lending) are not to be regarded as lending for the purposes of paragraph 41.1.
- 41.3 The Scheme Property of the Funds must not be mortgaged.
- 41.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

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

- 42.1 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. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 42.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 42.3 The exposure of a Fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL.

#### **43. Guarantees and indemnities**

- 43.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 43.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

- 43.3 In respect of the Company, paragraphs 43.1 and 43.2 do not apply to:
- 43.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
  - 43.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 43.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - 43.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

## **APPENDIX V**

### **LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD**

The ACD is also the authorised corporate director or authorised fund manager of the following open-ended investment companies and unit trusts:

FP Apollo Multi Asset Management Funds

FP Argonaut Funds

FP CAF Investment Fund (Charities Aid Foundation)

FP CRUX Funds ICVC

FP CRUX UCITS OEIC

FP Foresight OEIC

FP Frontier ICVC

FP Henderson Rowe Index Funds

FP Luceo Investment Funds

FP Mattioli Woods Funds ICVC

FP Miton Income Fund

FP Octopus Investment Funds

FP Pictet

FP Russell ICVC

FP SCDavies Funds

FP Shenkman Credit Funds ICVC

FP Tatton Oak ICVC

FP WHEB Asset Management Funds

Volare UCITS Portfolios

## APPENDIX VI

### PAST PERFORMANCE AND INVESTOR PROFILE

#### 1. Historic performance:

Below we have shown the historical performance for the period to 31 December 2017. Where possible, we have shown the performance over the last 5 years, for each complete year, to last quarter end. However, where the share class has been in existence for less than any of the above periods, we show the performance since the launch of the share class, plus for each complete year, to last quarter end.

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

- Shares in the Fund have been in issue for less than a year, therefore the Fund does not currently have any historical performance data.
- The performance is measured on a Net Asset Value (NAV) to NAV.
- In respect of Income shares (where they are available), the performance shown will assume that any income has been distributed (i.e. not reinvested to purchase additional shares).
- The prices of shares, and the income from them, can go down as well as up as a result of changes in the value of the underlying securities and currency movements. An investor may not get back the amount originally invested.
- Past performance is not necessarily a guide to future investment returns.

#### FP Octopus UK Micro Cap Growth Fund - Class P Accumulation Shares\*

Percentage Growth year to 31 December 2013	Percentage Growth year to 31 December 2014	Percentage Growth year to 31 December 2015	Percentage Growth year to 31 December 2016	Percentage Growth year to 31 December 2017	Percentage Growth from Launch to 31 December 2017
32.26%	-4.24%	5.20%	10.77%	34.96%	126.75%

**Launch Date: 28<sup>th</sup> November 2016**



**FP Octopus UK Micro Cap Growth Fund - Class S Accumulation Shares\***

Percentage Growth year to 31 December 2013	Percentage Growth year to 31 December 2014	Percentage Growth year to 31 December 2015	Percentage Growth year to 31 December 2016	Percentage Growth year to 31 December 2017	Percentage Growth from Launch to 31 December 2017
32.36%	-3.99%	5.46%	10.90%	35.08%	132.47%

**Launch Date: 28<sup>th</sup> November 2016**

\*The historical performance displayed includes that of the equivalent CFIC Octopus UK Micro Cap Growth Fund share class which merged with the FP Octopus UK Micro Cap Growth Fund on 25<sup>th</sup> November 2016.

The first dealing day of these share classes (post merger) was 28<sup>th</sup> November 2016.

**2. Investor profiles**

This Prospectus sets out below a description of the profile of the typical investor for whom the Fund has been designed. Please note however that this description is not the ACD’s assessment of the target market for the Fund for the purposes of the EU’s Product Governance regime which may be obtained separately by distributors and other intermediaries from the ACD.

**FP Octopus UK Micro Cap Growth Fund** - The Fund may be suitable for those investors seeking to achieve capital growth by focusing on areas of the UK market where the Investment Manager identifies capital growth opportunities. The Fund may be suitable for investors who are willing to invest over the medium to long term (5 years).

Investors and potential investors should note that neither the description of the typical investor profile as set out above nor any other information contained in this Prospectus constitutes investment advice and investors and potential investors should consult their own professional advisers concerning the acquisition, holding or disposal of any shares in any of the Funds. Neither the Company, the ACD nor the Investment Manager makes any statement or representation in relation to the suitability, appropriateness or otherwise of any transaction in shares in any of the Funds.

## **APPENDIX VII**

### **DIRECTORY**

#### **The Company and Head Office:**

FP Octopus Investments UCITS Funds  
8/9 Lovat Lane, London EC3R 8DW

#### **Authorised Corporate Director:**

Fund Partners Limited  
8/9 Lovat Lane, London EC3R 8DW

#### **Depository:**

Societe Generale S.A, London Branch  
41 Tower Hill, London EC3N 4SG

#### **Custodian:**

Societe Generale S.A, London Branch  
41 Tower Hill, London EC3N 4SG

#### **Investment Manager:**

Octopus Investments Limited  
33 Holborn, London EC1N 2HT

#### **Administrator:**

Investor Administration Solutions Limited  
Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB

#### **Fund Accountant:**

Societe Generale S.A, London Branch  
41 Tower Hill, London EC3N 4SG

#### **Registrar:**

Investor Administration Solutions Limited  
Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB

#### **Auditor:**

Deloitte LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB