

## Prospectus of CF Woodford Investment Funds II

(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC001074)



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

Capita Financial Managers 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. Capita Financial Managers Limited accepts responsibility accordingly.

This document constitutes the Prospectus for CF Woodford Investment Funds II which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 20 March 2017.

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

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## Important Information

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

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

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Capita Financial Managers Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Capita Financial Managers 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 and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Capita Financial Managers Limited that this is the most recently published prospectus.

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

## 1. Definitions

<b>"ACD"</b>	Capita Financial Managers Limited, the authorised corporate director of the Company.
<b>"ACD Agreement"</b>	an agreement between the Company and the ACD.
<b>"Approved Bank"</b>	(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 (c) a bank supervised by the South African Reserve Bank.
<b>"Associate"</b>	any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.
<b>"Auditor"</b>	Grant Thornton UK LLP, or such other entity as is appointed to act as auditor to the Company from time to time.
<b>"Business Day"</b>	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Sub-fund's portfolio of securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such.
<b>"Class" or "Classes"</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-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>	CF Woodford Investment Funds II.
<b>"Conversion"</b>	the exchange of Shares in one Class for Shares of another Class in the same Sub-fund and the act of so exchanging and "Convert" shall be construed accordingly.
<b>"Dealing Day"</b>	Monday to Friday where these days are Business Days.
<b>"Depository"</b>	Northern Trust Global Services Limited, or such other entity as is appointed to act as Depository.
<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>	for the purposes of this Prospectus, means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income for the Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL.
<b>"Eligible Institution"</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook.

<b>"the FCA"</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.
<b>"the FCA Handbook"</b>	the FCA Handbook of Rules and Guidance, as amended from time to time.
<b>"the Financial Services Register"</b>	<p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:</p> <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) recognised scheme;</li> <li>(e) recognised investment exchange;</li> <li>(f) recognised clearing house;</li> <li>(g) individual to whom a prohibition order relates;</li> <li>(h) approved person; and</li> <li>(i) person within such other class (if any) as the FCA may determine;</li> </ul> <p>except as provided by any transitional provisions.</p>
<b>"Home State"</b>	<ul style="list-style-type: none"> <li>(1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive.</li> <li>(2) (in relation to an investment firm): <ul style="list-style-type: none"> <li>(a) where the investment firm is a natural person, the EEA State in which his head office is situated;</li> <li>(b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated.</li> </ul> </li> <li>(3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated.</li> <li>(4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated.</li> <li>(5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights).</li> </ul>
<b>"ICVC"</b>	Investment Company with Variable Capital.
<b>"Instrument of Incorporation"</b>	the instrument of incorporation of the Company as amended from time to time.
<b>"Investment Manager"</b>	Woodford Investment Management Limited, the investment manager to the ACD in respect of the Company.
<b>"IOSCO"</b>	the International Organisation of Securities Commissions.
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation.
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.
<b>"OTC"</b>	Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange.
<b>"Prospectus"</b>	the prospectus of the Company prepared in accordance with the COLL Sourcebook.
<b>"Register"</b>	the register of Shareholders of the Company.
<b>"Registrar"</b>	Northern Trust Global Services Limited, 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).

<b>"Regulations"</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook).
<b>"Scheme Property"</b>	the scheme property of the Company or a Sub-fund ( as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary.
<b>"SDRT"</b>	Stamp Duty Reserve Tax.
<b>"Share" or "Shares"</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).
<b>"Shareholder"</b>	a holder of registered Shares in the Company.
<b>"Sub-fund" or "Sub-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>"Switch"</b>	the exchange of Shares of one Class in a Sub-fund for Shares in any Class of a different Sub-fund and the act of so exchanging and "Switching" shall be construed accordingly.
<b>"The International Tax Compliance Regulations"</b>	The International Tax Compliance Regulations – means SI 878/2015 implementing obligations arising under the following agreements and arrangements: European Union Council Directive 2011/16/EU (sometimes known as "the DAC"); the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information signed by the government of the UK on 29th October 2014 in relation to agreements with various jurisdictions to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the Organisation for Economic Co-Operation and Development (sometimes known as "the CRS"); and the agreement reached between the government of the UK and the government of the USA to improve tax compliance (sometimes known as "the FATCA Agreement").
<b>"UCITS"</b>	a scheme which is constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK) and is available to retail investors.
<b>"Valuation Point"</b>	<p>the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed.</p> <p>The current Valuation Point is 12 noon London time on each Dealing Day, with the exception of a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.</p>
<b>"VAT"</b>	Value Added Tax.

## 2. Details of the Company

### 2.1 General Information

#### 2.1.1 General

CF Woodford Investment Funds II (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC001074 and authorised by the Financial Conduct Authority with effect from 7 October 2016. The Company has an unlimited duration.

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

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

#### 2.1.2 Head office

The head office of the Company is at 40 Dukes Place, London EC3A 7NH.

#### 2.1.3 Address for service

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

#### 2.1.4 **Base currency**

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

#### 2.1.5 **Share Capital**

Maximum £100,000,000,000

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 Sub-funds.

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

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund(s). For these purposes, the ACD may consider an investor's trading history in the Sub-fund(s) or other Capita Financial Managers Limited funds and accounts under common ownership or control.

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

#### 2.2.1 **The Sub-funds**

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

The Company is a UCITS scheme for the purposes of the Regulations.

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

The eligible securities markets and eligible derivatives markets on which the Sub-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 Sub-fund is set out in Appendix III.

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

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

Please also see paragraph 5.5 below "Liabilities of the Company and the Sub-funds".

#### 2.2.2 **Classes of Share within the Sub-funds**

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

Shares have no par value and, within each Class in each Sub-fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

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

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

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

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

The Company may issue income and accumulation Shares in respect of each Sub-fund. Further details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, 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 Sub-fund on the relevant income allocation dates. This is reflected in the price of an accumulation Share.

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

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

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

### 3. Buying, Redeeming and Switching Shares

The dealing office of the ACD is normally open from .9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) directly to the office of the ACD (telephone: 0333 300 0381 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

The ACD will accept instructions to transfer title or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- (a) prior agreement between the ACD and the person making the communication as to:
  - (i) the electronic media by which such communications may be delivered; and
  - (ii) how such communications will be identified as conveying the necessary authority; and
- (b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

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

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

### 3.1 Money Laundering

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

### 3.2 Buying Shares

#### 3.2.1 Procedure

Shares may be bought directly from the ACD or through a professional adviser or other intermediary on any Dealing Day. 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 Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.11.

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. Applicants will not receive title to Shares until cleared funds have been received from the applicant and received by the Sub-Fund.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. In the event of such a sale or realisation, the ACD shall be entitled to transfer such investments to such persons as it shall specify and, recover any shortfall from that investor. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

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. For postal applications, payment in full must accompany the application.

However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

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

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 (except for those investors who subscribe through the Regular Savings Plan) 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 cancel their first subscription only. If a Regular Saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

#### 3.2.2 Documents the buyer will receive

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

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

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

### 3.2.3 Initial Offer Period

Details of the initial offer period for any Sub-fund will be set out in Appendix I.

### 3.2.4 Minimum subscriptions and holdings

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

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

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

## 3.3 Redeeming Shares

### 3.3.1 Procedure

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

Valid instructions to the ACD to redeem Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.11.

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.

### 3.3.2 Documents a redeeming Shareholder will receive

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

Payment of redemption proceeds will normally be made by cheque to the first named Shareholder (at their risk), or, at the ACD's discretion, via electronic means 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.

No interest will be paid on funds held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

### 3.3.3 Minimum redemption

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Sub-fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

## 3.4 Conversion and Switching

Subject to any restrictions on the eligibility of investors in relation to a particular Share Class, a Shareholder in a Sub-fund may at any time Convert or Switch all or some of his Shares ("Original Shares") for Shares in a different Class or Sub-fund ("New Shares").

A Conversion is an exchange of Shares in one Class for Shares of another Class in the same Sub-fund.

A Switch is an exchange of Shares of one Class for Shares in a Class of another Sub-fund, or of another Class in the same or different Sub-fund.

Conversions and Switches will be effected by the ACD recording the change of Class (and, in the case of Switches the change of Sub-fund) on the Register of the Company at the next Valuation Point following receipt of instructions by the ACD.

The number of New Shares issued to a Shareholder following a Conversion or a Switch will be determined by reference to the price of the Original Shares relative to the price of the New Shares at the relevant Valuation Point.

If a Shareholder wishes to Convert or Switch Shares he should apply to the ACD in the same manner as for a redemption of Shares in accordance with paragraph 3.3 above. Instructions may be given by telephone but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before the Switch or Conversion is effected.

The ACD may at its discretion make a charge on the Switching of Shares (but does not currently do so). 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 Shares originally held and any initial charge on the Shares into which the Shareholder has Switched. For details of the charges on Switching currently payable, please see the "Charges on Switching" paragraph below. There is no charge payable on a Conversion.

If a partial Conversion or 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, exchange the whole of the applicant's holding of Original Shares to New Shares (and make a charge for this) or refuse to effect any Conversion or Switch of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion or a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Requests to Switch or Convert received after a Valuation Point will be held over until the next day which is a Dealing Day for the relevant Sub-fund or Sub-funds.

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

Please note that under UK tax law a Switch of Shares 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 UK tax purposes. It may give rise to a liability to tax, depending upon the Shareholder's circumstances. Conversions will not generally be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the Conversion.

A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund or who Converts 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, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

#### 3.5.1 Initial charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund is 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 Class may only be increased in accordance with the Regulations.

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

#### 3.5.2 Redemption charge

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

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

### 3.5.3 Charges on Switching and Conversions

The Company is permitted to impose a charge where a Shareholder Switches or Converts his Shares.

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 and Conversions is payable by the Shareholder to the ACD.

The ACD's current policy is to allow Switches free of any initial charge. The charge will be no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I.

There is currently no charge for Conversions of Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund.

### 3.5.4 Dilution adjustment

The actual cost of purchasing or selling assets and investments in a Sub-fund may vary due to dealing charges, taxes, and any spread between buying and selling prices of the underlying investments of a Sub-fund. These costs could have an adverse effect on the value of the Sub-fund, known as "dilution". In order to mitigate the effect of dilution the ACD may at its discretion adjust the sale and purchase price of Shares to take into account the possible effects of dilution to arrive at the price of the Shares. This practise is known as making a "dilution adjustment". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a Sub-fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the Fund and will become part of the property of the Sub-fund thus mitigating the effects of dilution that would otherwise constrain the future growth of the Sub-fund.

The ACD reserves the right to make a dilution adjustment every Dealing Day. The dilution adjustment is calculated using the estimated dealing costs of the Sub-fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes.

The discount or premium to NAV per Share will depend on the volume of subscriptions or redemptions of Shares and the ACD is not currently able to predict the likely frequency of such events. The ACD may in its discretion make a dilution adjustment if, in its opinion, the existing Shareholders, in the case of subscriptions, or remaining Shareholders, in the case of redemptions, might otherwise be adversely affected, and making a dilution adjustment is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution adjustment may be made in relation to a Sub-fund in the following circumstances:

- where the Sub-fund is expanding or contracting;
- where the Sub-fund is experiencing a large net subscription position or a large net redemption position relative to its size on any Dealing Day;
- in any other case where the ACD is of the opinion that the interests of Shareholders requires the imposition of a dilution adjustment.

A Sub-fund is regarded as expanding where, based on the daily movements in and out of the Sub-fund, the Sub-fund has experienced a net inflow of money over a period of time. A Sub-fund is regarded as contracting where, over a period of time, the Sub-fund has experienced a net outflow. A sub-fund is regarded as level where it is considered to be neither expanding nor contracting based on the above criteria.

Where a Sub-fund is expanding, the ACD will normally swing the price to "offer" (i.e. increase the price by the premium rate detailed above), however in the event of net outflows on a given Dealing Day the ACD may leave the price at "mid" or swing the price to "bid" (i.e. reduce the price by the discount rate detailed above) if the outflows are of significant size relative to the size of the Sub-fund.

Where a Sub-fund is contracting, the ACD will normally swing the price to "bid", however in the event of net inflows on a given Dealing Day the ACD may leave the price at "mid" or swing the price to "offer" if the inflows are of significant size relative to the size of the Sub-fund.

On the occasions when a dilution adjustment is not applied if a Sub-fund is in a net subscription position or a net redemption position, there may be an adverse impact on the assets of the Sub-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 a Sub-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 Net Asset Value per Share in each Class resulting in a figure calculated up to four 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. The most recent dilution adjustment figures can be obtained from the ACD on request.

In normal market conditions and under the current tax regime in the UK, the dilution adjustment is, based on projections, likely to be in the range of NAV -1% to NAV +1% and on a daily basis.

It is the ACD's opinion that it is likely that dilution adjustment will be made. The ACD's opinion is based on projected dealing volumes.

#### 3.5.5 Stamp Duty Reserve Tax ("SDRT")

SDRT on dealings in units in authorised investment funds is abolished with effect from 30 March 2014. As a result subscriptions and redemptions of Shares are exempt from SDRT.

It should be noted that, subject to certain exemptions, where a transfer of Shares is made by a Shareholder, other than by the ACD transferring Shares on the Register, SDRT is currently and it is envisaged will continue to be chargeable at the rate of 0.5% of the consideration.

Also, if a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no SDRT on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

### 3.6 Transfers

Shareholders are entitled to transfer their Shares to another person or body. Transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. However, the ACD in its discretion, may also accept electronic transfers in a format specified by the ACD. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

### 3.7 Restrictions and compulsory transfer, conversion and redemption

3.7.1 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.

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

3.7.2.1 are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

3.7.2.2 would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

3.7.2.3 are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

3.7.2.4 are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, 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);

3.7.3 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 is given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

3.7.4 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.

3.7.5 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.

3.7.6 In addition, the ACD may upon 60 days' written notice to Shareholders, combine/consolidate two or more Share Classes in a Sub-fund. Such a consolidation takes place by way of a compulsory Conversion of the Shares of one Class into another Class. Conversion may be required if the ACD reasonably believes it is the best interests of Shareholders to reduce the number of available Share Classes.

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

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

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

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

### 3.9 In specie redemptions

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, arrange for scheme property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer.

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

### 3.10 Deferred Redemptions

In times of high levels of redemption in shares of a Sub-fund, the ACD may permit deferral of redemptions to the next valuation point where the total value of the redemptions requested exceed 10% of a Sub-fund's net asset value, if the ACD is of the view that this is in the best interests of Shareholders in the relevant Sub-fund as a whole. In these circumstances, redemption requests up to the 10% level will be met on a pro rata basis and all requests above that level will be deferred until the next valuation point. Such deferred redemptions shall be met in priority on the next and subsequent Dealing Days ahead of any redemption requests received at a later valuation point.

### 3.11 Suspension of dealings in the Company

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

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

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

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

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

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

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

### 3.12 Governing Law

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

## 4. Valuation of the Company

### 4.1 General

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

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

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

“Late Trading” is defined as the acceptance of a subscription, redemption or Switch order received after the Fund’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

### 4.2 Calculation of the Net Asset Value

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

4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

4.2.2.1 Units or shares in a collective investment scheme:

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD’s best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.2 Any other transferable security:

- (a) if a single price for buying and redeeming the security is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD’s best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;

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

4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:

4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.

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

#### 4.3 Price per Share in each Sub-fund and each class

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

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

#### 4.4 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;
  - 4.4.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).
- 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 the security concerned; 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 its 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. Shares in the Company are single priced.

#### 4.6 Publication of prices

The prices of all Shares are published on the ACD's website, [www.capitafinancial.com](http://www.capitafinancial.com). Prices can also be obtained by telephoning the Administrator on 0333 300 0381 during the Administrator'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 in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5. Risk Factors

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

#### 5.1 General

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

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region.

#### 5.2 Effect of Initial Charge or Redemption Charge

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

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

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

#### 5.3 Dilution

A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may apply a dilution adjustment which is an adjustment to the price of the Shares when Shares are bought or sold.

#### 5.4 Suspension of Dealings in Shares

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

#### 5.5 Liabilities of the Company and the Sub-funds

As explained in paragraph 2.2.1, 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.

#### 5.6 Currency Exchange Rates

Funds investing in overseas securities are exposed to, and may hold, currencies other than pounds sterling (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.

## 5.7 Derivatives

The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Sub-funds, reducing costs, or generating additional capital or income.

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-fund 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.

Derivatives including forward transactions may be used by the Sub-funds for investment purposes in the pursuit of the investment objectives and in accordance with its risk management policy. Should the ACD and the Investment Manager invest in derivatives and forward transactions for investment purposes, the net asset value of the Sub-funds may at times be moderately volatile (in the absence of compensating investment techniques) and the risk profile of the Sub-funds may change.

For more information in relation to investment in derivatives please see paragraph 17 and 18 in Appendix III.

## 5.8 Counterparty Risk in OTC Markets

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

## 5.9 Emerging Markets

Emerging markets tend to be more volatile than more established markets and therefore your money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the Sub-fund(s). A counterparty may not pay or deliver on time or as expected.

Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling securities than it would in a more developed market.

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

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to the Sub-fund(s) because the maximum permitted number of an investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval.

Accounting, financial reporting standards and disclosure requirements in emerging markets may differ from those in more developed markets and, accordingly, investment possibilities may be difficult to properly assess.

## 5.10 Credit and Fixed Interest Securities

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment grade. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the Fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded. The value of a fixed interest security may fall in the event of the default or a downgrading of the credit rating of the issuer.

“Investment Grade” holdings are generally considered to be a rating of BBB- (or equivalent) and above by leading credit rating agencies (such as S&P, Moodys or Fitch). “Sub-investment Grade” is generally considered to be a rating below BBB- (or equivalent) by the leading rating agencies.

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the “parent company” as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

Where the Sub-fund may invest in fixed income securities, the portfolio composition may change over time, this means the yield on the Sub-fund is not fixed and may go up or down.

#### 5.11 Custody

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

#### 5.12 Liquidity

Depending on the types of assets the Sub-funds 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.

#### 5.13 Tax

Tax laws currently in place may change in the future which could affect the value of a Shareholder’s investments. See the section headed ‘Taxation’ for further details about taxation of the Sub-funds.

Currently, the Sub-funds rely extensively on tax treaties between the United Kingdom and other countries to reduce domestic rates of withholding tax being applied on income arising where a Sub-fund holds underlying assets in those countries. A risk exists that these treaties may change or that tax authorities may change their position on the application of a relevant tax treaty. As a consequence, any such change (i.e. the imposition of, or increase in, withholding tax in that foreign jurisdiction) may result in higher rates of tax being applied to income from underlying investments and this may have a negative effect on the returns to the Sub-fund and investors.

In addition, under some treaties the rate of withholding tax applied to a Sub-fund may be affected by the tax profiles of investors in the Sub-fund (or by the tax profiles of investors in other Sub-funds of the Company). This is because such treaties may require a majority of investors in the Sub-fund (or the other Sub-funds of the Company) to be resident in either the UK or another specified jurisdiction as a condition of relief. Failing to satisfy this test may also result in increased withholding tax and therefore a negative effect on the returns to the Sub-fund and investors.

#### 5.14 Inflation and Interest Rates

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

#### 5.15 Warrants

Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows, within a subscribed period, the right to apply for shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. Therefore the larger the Sub-fund holding in warrants the larger the risk of volatility. Up to 20% of the Scheme Property of the Sub-funds may be invested in warrants which could increase their volatility.

#### 5.16 Counterparty and Settlement

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

### 5.17 Depositary Receipts

Depositary receipts, such as American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs), are instruments that represent shares of companies and facilitate trading in those shares outside the markets in which the shares are usually traded. Accordingly whilst the depositary receipts are traded on recognised exchanges, there may be other risks associated with such instruments to consider – for example, the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks.

### 5.18 Concentration of Portfolio

The CF Woodford Income Focus Fund will be invested in a concentrated number of stocks, which increases the possibility of the Sub-fund being more volatile over certain time periods than if it were invested in a more diversified portfolio.

## 6. Management and Administration

### 6.1 Regulatory Status

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

The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct authority and the Prudential Regulation Authority.

### 6.2 Authorised Corporate Director

#### 6.2.1 General

The ACD is Capita Financial Managers Limited which is a private company limited by shares incorporated in England and Wales on 21 November 1973.

The directors of the ACD are:-

C Addenbrooke

N Boyling

B Hammond

P Hugh Smith

K Midl

No director is engaged in any significant business activity not connected with the business of the ACD or other Capita Plc subsidiaries.

**Registered Office:** 17 Rochester Row, Westminster, London SW1P 1QT

**Principal Place of Business:** 40 Dukes Place, London EC3A 7NH

**Share Capital:** It has a share capital of £647,636 issued and paid up

**Ultimate Holding Company:** Capita Plc, a company incorporated in England and Wales and listed on the London Stock Exchange.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 6.4 below).

It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below).

#### 6.2.2 Terms of Appointment

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

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. Copies of the ACD Agreement are available on request.

The ACD Agreement may be terminated by either party after the expiry of three years from the date of incorporation of the Company on not less than 12 months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions. Details of the fees payable to the ACD are set out in paragraph 7.2 “Periodic Charge” below.

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

The ACD is required to have a Remuneration Code (“the Code”) relating to the way in which it remunerates its staff. The Code is designed to ensure that firms have risk-focused remuneration policies which are consistent with and promote effective risk management and do not expose the ACD or the funds it operates to excessive risk.

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

## 6.3 The Depositary

### 6.3.1 General

The Company’s depositary is Northern Trust Global Services Limited.

The ACD has appointed the Depositary to act as depositary for the purposes of the Company being a UCITS Scheme.

The Depositary is a private limited company incorporated in England and Wales. Its registered office is at 50 Bank Street, Canary Wharf, London E14 5NT. The ultimate holding company of the Depositary is Northern Trust Corporation, Chicago, USA.

The Depositary is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the Regulations, the Instrument of Incorporation and the Prospectus.

### 6.3.2 Terms of Appointment

The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company. The Depositary was appointed as depositary of the Company under an agreement (the “Depositary Agreement”). The ACD and the Depositary entered into a Depositary Agreement dated [•] 2016, pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Regulations. Details of the Depositary’s remuneration are set out in the section headed “The Fees, Charges and Expenses of the Depositary”.

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

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

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to Northern Trust Company London Branch (the “Custodian”). In turn, the Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (“Sub-Custodians”). A list of Sub-Custodians is given in Appendix IV. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review.

Up-to-date information regarding the Depositary, its duties, the delegation of its safekeeping functions and its conflicts of interest will be made available to shareholders on request.

## 6.4 The Investment Manager

### 6.4.1 General

The ACD has appointed the Investment Manager, Woodford Investment Management Limited (registered number 10118169), to provide investment management services to the ACD. The Investment Manager is authorised by the FCA.

The Investment Manager's registered office is at 9400 Garsington Road, Oxford Business Park, Oxford OX4 2HN.

The principal activity of the Investment Manager is investment management.

### 6.4.2 Terms of Appointment

Pursuant to an agreement between the Investment Manager and the ACD, the Investment Manager provides general discretionary investment management services in respect of the Sub-funds. The Investment Manager has the authority to make decisions on behalf of the ACD in relation to the Sub-funds' investments subject always to the provisions of the Instrument of Incorporation, the Prospectus, the Regulations and the investment objectives and policies of the Sub-funds.

Subject to instances where the agreement may be terminated with immediate effect in the interests of the Shareholders, the agreement appointing the Investment Manager may be terminated by either party giving the other no less than six months' written notice.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as explained in paragraph 7.2 below.

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

## 6.5 The Registrar, Administrator and Fund Accountant

### 6.5.1 General

On behalf of the Company the ACD has also appointed Northern Trust Global Services Limited to act as registrar and to provide fund accounting and other administration services to the Company.

The registered office of appointed Northern Trust Global Services Limited is 50 Bank Street, Canary Wharf, London E14 5NT.

The Register is kept and maintained at 50 Bank Street, Canary Wharf, London E14 5NT.

### 6.5.2 Register of Shareholders

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

The plan register (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs)) can be inspected at the office of the Registrar.

## 6.6 The Auditors

The auditors of the Company are Grant Thornton UK LLP, whose address is 30 Finsbury Square, London EC2P 2YU.

## 6.7 Conflicts of Interest

### 6.7.1 The ACD and Investment Manager

The ACD, the Investment Manager and other companies within the ACD's and/or the Investment Manager's group may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund or that a conflict exists between the Company and other funds managed by the ACD. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will disclose these to Shareholders in the report and accounts or otherwise an appropriate format.

Details of the ACD's conflicts of interest policy are available on its website at: [www.capitafinancial.co.uk](http://www.capitafinancial.co.uk).

### 6.7.2 The Depositary and Custodian

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

The ACD has delegated certain administrative functions to Northern Trust Global Services Limited, including registrar, fund accounting, valuation, calculation and transfer agency services. Northern Trust Global Services Limited has functionally and hierarchically separated the performance of its depositary functions from its administration tasks delegated to it by the ACD.

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

Where a link exists, for example where one party can exercise significant influence over the management of the other, between the Depositary and any shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising, and ensure that it complies with the applicable regulations for a UCITS Scheme.

## 7. Fees and Expenses

### 7.1 Initial charge

The ACD may impose a charge on the purchase of shares in each class calculated as a percentage of the amount invested by a potential shareholder. 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.

Currently, there will be no initial charge for any investment in a Sub-fund.

### 7.2 Periodic charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Sub-fund as set out below.

The amount due for each month will be calculated by the ACD based upon the sum of the daily fee calculations in that calendar month. The amount due for each month will be calculated by the ACD at the beginning of the next calendar month. The amount due is payable as soon as practicable and in any event no later than the following calendar month. Where the periodic charge is paid out of the capital property of the Company it may constrain capital growth. The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus. The rate of periodic charge is set out below.

#### **The amount of the periodic charge is set out in Appendix 1.**

Such charges exclude Value Added Tax to the extent it is payable. Any increase in the above rates will be dealt with in accordance with the Regulations.

The first accrual will be in respect of the period from the day on which the first valuation of a Sub-fund is made to the following month end. The periodic charge will cease to be payable (in relation to a Sub-fund) on the date of commencement of its termination, and (in relation to the Company as a whole) on the date of the commencement of its winding up or, if earlier, the date of the termination of the ACD's appointment as such. The amount(s) accruing due on the last relevant valuation date before the event concerned will be adjusted accordingly.

#### **7.2.1 Charges payable by the ACD from the periodic charge**

Included within the periodic charge will be the following:

- 7.2.1.1 Fees of the ACD;
- 7.2.1.2 Fees of the Investment Manager;
- 7.2.1.3 Fees of the Depositary;
- 7.2.1.4 Fees of the Custodian
- 7.2.1.5 Fees of the Administrator;
- 7.2.1.6 Fees of the Registrar;

7.2.1.7 Fees of the Fund Accountant; and

7.2.1.8 Fees of the Auditor.

The periodic charge does not include the other expenses payable out of the Company listed at paragraph 7.4 below.

#### 7.2.2 Rebates of the periodic charge

The ACD may at its sole discretion rebate its periodic charges in respect of any application for, or holding of, shares. Similarly the Company may rebate or waive its charges in relation to any exchange of shares.

The provision of benefits described above will not result in any additional cost to the Company or a Sub-fund.

The ACD will make disclosures to the Company in relation to inducements as required under applicable FCA rules.

### 7.3 Allocation of charges to capital or income

Fund charges, costs and expenses (including the ACD's periodic charge and portfolio transaction, charges and other operating costs) attributable to the CF Woodford Income Focus Fund will be charged to either capital or income as set out in Appendix I.

Where charges, costs and expenses of a Sub-Fund are charged to capital, this will constrain capital growth.

### 7.4 Expenses

7.4.1 The following expenses (being the actual amounts incurred) may also be payable by the Company out of its assets at the discretion of the ACD:

7.4.1.1 broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for a Sub-fund;

7.4.1.2 interest on and other charges relating to permitted borrowings;

7.4.1.3 taxation and other duties payable by the Company;

7.4.1.4 any costs incurred in respect of any meeting of Shareholders including, by way of clarification, meetings convened on a requisition by holders not including the ACD or an associate of the ACD;

7.4.1.5 any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Sub-fund;

7.4.1.6 any payments permitted under COLL 6.7.15R; and

7.4.1.7 VAT on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company.

7.4.2 Expenses not directly attributable to a particular Sub-fund will be allocated proportionately between all Sub-funds on a pro-rata basis based on net asset value of a Fund, although the ACD has the discretion to allocate such fees and expenses in a manner which it considers fair to Shareholders generally.

7.4.3 In addition to the above, the Company or each Sub-fund (as the case may be) may, so far as COLL allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including those listed below. However, the ACD's current policy is that these items are borne by the ACD and not the Company or each Sub-fund. Should this policy change such that any or all or the below listed costs, charges, fees and expenses are charged to the Company or each Sub-fund, then the ACD will first give affected shareholders 60 days' notice of that change. The relevant additional costs, charges, fees and expenses are as follows:

7.4.3.1 any costs incurred in authorising any Sub-fund and any share class to any Sub-fund at and after initial establishment. Such costs will be apportioned to the appropriate Sub-fund or share class on a monthly basis to the end of the first accounting year;

7.4.3.2 fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers kept for the purpose of the administration of ISAs, are payable quarterly out of the property of a Fund;

7.4.3.3 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;

7.4.3.4 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;

7.4.3.5 any costs incurred in producing, collating, fulfilment, printing, postage and dispatching tax vouchers and any payments made by the Company;

7.4.3.6 any costs incurred in preparing, translating, producing (including fulfilment, printing and postage), distributing and modifying, any instrument of incorporation any prospectus, any Key Investor Information Document (KIID) (apart from the cost of distributing the KIID), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;

- 7.4.3.7 any costs incurred as a result of periodic updates of or changes to any prospectus, KIID or instrument of incorporation;
- 7.4.3.8 any costs incurred in taking out and maintaining an insurance policy in relation to the Company and its Directors;
- 7.4.3.9 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 7.4.3.10 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- 7.4.3.11 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.4.3.12 any expense incurred in conducting risk management Value at Risk (VaR) monitoring and reporting;
- 7.4.3.13 any payments otherwise due by virtue of a change to the Regulations; and
- 7.4.3.14 any value added or similar tax relating to any charge or expense set out herein.

## 8. Instrument of Incorporation

The Instrument of Incorporation is available for inspection at the ACD's offices at 40 Dukes Place, London EC3A 7NH.

## 9. Shareholder Meetings and Voting Rights

### 9.1 Class, Company and Sub-fund meetings

The Company has dispensed with the holding of annual general meetings.

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

### 9.2 Requisitions of meetings

The ACD may requisition a general meeting at any time.

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

### 9.3 Notice and quorum

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

### 9.4 Voting rights

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

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

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

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

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

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

## 10. Taxation

### 10.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Sub-funds and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and/or the place where the Scheme Property is invested. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

### 10.2 The Sub-funds

Each Sub-fund will be treated as a separate entity for United Kingdom tax purposes.

The Sub-funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of their investments (including interest-paying securities and derivatives) held within them. However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Sub-funds (whether directly or through another United Kingdom authorised investment fund) will generally be exempt from corporation tax. Each Sub-fund will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the gross amount of interest distributions. Where the Sub-funds suffer foreign withholding tax on income received, this will generally be an irrecoverable tax expense.

The Sub-funds will make dividend distributions except where more than 60% of a Sub-fund's property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

### 10.3 Shareholders

#### 10.3.1 Income

The Sub-funds will pay dividend distributions (which will be automatically retained in the Sub-fund in the case of accumulation Shares). Individuals liable to income tax at basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Dividend Allowance.

#### 10.3.2 Interest

Where the Sub-fund pays an interest distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this will be net of the basic rate of tax. Non-taxpayers may reclaim the tax credits on interest distributions paid, and where the interest falls within the starting rate (on savings income) taxpayers may reclaim part of them. Higher and additional rate taxpayers will have a further income tax liability on the amount declared.

#### 10.3.3 Income equalisation

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

#### 10.3.4 Tax vouchers

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

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Northern Trust Global services Limited, 50 Bank Street, Canary Wharf, London E14 5NT .

### 10.3.5 Capital Gains

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

An exchange of Shares in one Sub-fund of the Company for Shares in another Sub-fund will generally be treated as a disposal for this purpose, but exchanges of Shares between classes within a Sub-fund are generally not.

### 10.3.6 The International Tax Compliance Regulations

The Company is required to comply with The International Tax Compliance Regulations. The regulations transpose into UK law rules and obligations derived from European Union law and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion.

To be compliant with these regulations the Company must collect information about each investor's tax residence and in certain circumstances provide information about investors' Shareholdings to HM Revenue & Customs (HMRC). HMRC may in turn share this information with overseas tax authorities.

Failure to comply with these tax regulations may result in penalties being imposed on the Company and, in the case of non-compliance with the rules relating to information sharing with the United States authorities, in the imposition of a 30% withholding tax on income due to the Company from investments and sales proceeds originating from the US.

Therefore, where an investor fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in paragraph 3.7.

The ACD intends to procure compliance with the regulations but cannot give an assurance that this will be achieved.

The underlying laws and agreements are a complex area of tax law and investors should consult their professional advisers on the implications these rules may have for them.

## 11. Winding Up of the Company or Termination of a Sub-Fund

- 11.1 The Company or a Sub-fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may otherwise only be terminated under the COLL Sourcebook.
- 11.2 Where the Company is to be wound up or a Sub-fund is to be terminated under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Sub-fund as the case may be) either that the Company or the Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Sub-fund will be unable to do so. The Company may not be wound up or a Sub-fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.
- 11.3 The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:
  - 11.3.1 if an extraordinary resolution to that effect is passed by Shareholders;
  - 11.3.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund);
  - 11.3.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund;
  - 11.3.4 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
  - 11.3.5 in the case of a Sub-fund, on the effective date of a duly approved scheme of arrangement which is to result in the Sub-fund ceasing to hold any Scheme Property; or
  - 11.3.6 on the date when all the Sub-funds fall within 11.3.5 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 Sub-fund.
- 11.4 On the occurrence of any of the above:
  - 11.4.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;
  - 11.4.2 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;

- 11.4.3 no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 11.4.4 where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Sub-fund;
- 11.4.5 the corporate status and powers of the Company and subject to 11.4 to 11.7, the powers of the Depositary shall continue until the Company is dissolved.
- 11.5 The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.
- 11.6 As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.
- 11.7 On completion of a winding up of the Company or the termination of a Sub-fund, the Company will be dissolved or the Sub-fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Sub-fund, will be paid into court by the ACD within one month of the dissolution or the termination.
- 11.8 Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the 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) within four months of the completion of the winding up or termination.

## 12. General Information

### 12.1 Accounting periods

The annual accounting period of the Company ends each year on 31 January (the accounting reference date) with an interim accounting period ending on 31 July.

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

### 12.2 Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

### 12.3 Income allocations

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

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by cheque or electronic means 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 Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share on or before the relevant income allocation date in each year as set out in Appendix I.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (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 Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

#### 12.4 Annual reports

The annual short report of the Company will be published and sent to Shareholders within four months from the end of each annual accounting period and the half yearly short report will be published within two months of the half yearly accounting period. The ACD will issue short reports free of charge. A long report containing the full accounts is available to any person free of charge on request to the ACD.

#### 12.5 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 40 Dukes Place, London EC3A 7NH:

12.5.1 the Prospectus;

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

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

12.5.4 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 versions of the Prospectus and annual and half yearly long reports of the Company which are available free of charge to anyone who requests).

#### 12.6 Material contracts

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

12.6.1 the ACD Agreement between the Company and the ACD; and

12.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

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

#### 12.7 Provision of investment advice

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 40 Dukes Place, London EC3A 7NH.

The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

#### 12.8 Telephone recordings

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

#### 12.9 Complaints

Complaints may be brought in writing to Capita Financial Managers Limited, Arlington Business Park, Millshaw Park Lane, Leeds LS11 0PE, or by email to [investorservices@capita.co.uk](mailto:investorservices@capita.co.uk) or by telephone to 0345 922 0044.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at: The Financial Ombudsman Service, Exchange Tower, London E14 9SR. A copy of the ACD's Guide to making a complaint is available upon request.

#### 12.10 Risk management

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

12.10.1 the quantitative limits applying in the risk management of the Company;

12.10.2 the methods used in relation to 12.10.1; and

12.10.3 any recent development of the risk and yields of the main categories of investment.

### 12.11 Indemnity

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

### 12.12 Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the ACD on request or on the ACD's website at [www.capitafinancial.co.uk](http://www.capitafinancial.co.uk). Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the ACD on request.

### 12.13 Best execution

The ACD's order execution policy sets out the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available on the ACD's website at [www.capitafinancial.co.uk](http://www.capitafinancial.co.uk).

### 12.14 Inducements and soft commission

12.14.1 Where Shares in the Company are sold to retail investors who employ the services of a professional adviser the ACD may make commission payments to those professional advisers as follows:

12.14.1.1 initial sales commission for each Sub-fund, paid out of the initial charge; and/or

12.14.1.2 ongoing commission payments based on the value of the investor's holding.

12.14.2 The ACD may from time to time accept cash and non-monetary benefits from suppliers to the Company or Funds of fund management services in accordance with the FCA Rules. The ACD is not obliged to account to the Company or to the Shareholders for these payments.

12.14.3 The Investment Manager, in addition to the fee paid to the Investment Manager by the ACD out of its remuneration received each month from the Sub-funds, is also entitled to receive commission paid by the ACD in respect of investment in the Sub-funds by its clients.

12.14.4 The provision of benefits described above will not result in any additional cost to the Company or the Funds.

12.14.5 The ACD will make disclosures to the Company in relation to inducements as required under the FCA Rules.

12.14.6 Further details of any such inducements may be obtained on request from the ACD.

## Appendix I

### Sub-Fund Details

<b>Name</b>	CF Woodford Income Focus Fund	
<b>Type of Sub-fund:</b>	UCITS	
<b>Investment Objective:</b>	The aim of this Sub-fund is to provide a high level of income (*) together with capital growth.	
<b>Investment Policy:</b>	<p>The Sub-fund invests predominantly in the shares of organisations listed in the UK and overseas, with a focus on income generating securities.</p> <p>The Sub-fund will be invested in a concentrated portfolio of securities.</p> <p>The Sub-fund is not restricted by reference to any geographical region, sector or market capitalisation.</p> <p>The Sub-fund may also invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits. Derivatives may be used for investment purposes (gaining both long and short exposure to the underlying assets) and for efficient portfolio management.</p> <p>* The fund manager will aim to deliver an income of 5p per share per annum. Investors should be aware that there is no guarantee that any specific level of dividend or yield will be achieved over any given time period.</p>	
<b>Final Accounting Date:</b>	31 January	
<b>Interim Accounting Dates:</b>	30 April, 31 July, 31 October	
<b>Income Allocation Dates:</b>	31 March, 30 June, 30 September, 31 December	
<b>Share Classes Available:</b>	See Share Class Details below	
<b>Initial Offer Period:</b>	<p>The ACD has decided to implement an initial offer period in respect of the CF Woodford Income Focus Fund. The initial offer period will commence on [DATE] and close at 12.00 midday on [DATE].</p> <p>The Initial offer price will be 100.00p</p> <p>The ACD reserves the right to alter the offer period and launch date of a Fund where deemed in the interests of subscribers.</p> <p>The initial offer period may come to an end if the ACD believes the price that would reflect the current value of the CF Woodford Income Focus Fund would vary by more than 2% from the initial price.</p> <p>No subscription monies will be invested during the initial offer period. Investors will only become exposed to market movements once investment has occurred. No interest will accrue on the subscription monies during the initial offer period. The ACD will commence investment activities following the end of the initial offer period. Any subscriptions received after the close of the initial offer period will be processed on the next Dealing Day and Shares will be issued at the price determined on the Dealing Day on which they are issued.</p>	
<b>Allocation of charges</b>	<b>Income</b>	<b>Capital</b>
Periodic Charge (see section 7.2):	0%	100%
Portfolio Transactions (SDRT, Broker's Commission):	0%	100%
<b>Past performance:</b>	Past performance information, as available, is set out in Appendix VI.	

## Share Class Details

<b>Share Classes</b>	A Sterling Accumulation/Income	C Sterling Accumulation/Income	X Sterling Accumulation/Income	Z Sterling Accumulation/Income
Currency	GBP	GBP	GBP	GBP
Hedged	No	No	No	No
<b>Investment minima</b>				
Minimum initial investment	£150,000	£50,000,000	£1,000,000	£500,000,000
Minimum subsequent investment	£1,000	Nil	Nil	Nil
Minimum holding investment	£150,000	£50,000,000	£1,000,000	£500,000,000
<b>Charges</b>				
Initial fee	0%	0%	0%	0%
Periodic charge	1.00%	0.75%	1.50%	0.65%

## Appendix II

### Eligible Securities Markets and Eligible Derivatives Markets

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

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

#### Eligible Securities Markets

Australia	Australian Securities Exchange (ASX)
Canada	The Montreal Stock Exchange Toronto Stock Exchange (TSX) TSX Venture Exchange
The Channel Islands	Channel Islands Stock Exchange (CISX)
Hong Kong	Hong Kong Exchange
Japan	Tokyo Stock Exchange (TSE)
Philippines	Philippine Stock Exchange (PSE)
Republic of Korea (South Korea)	Korea Exchange (KRX)
Mexico	Bolsa Mexicana de Valores (BMV)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange (SWX) SWX Europe
Taiwan	Taiwan Stock Exchange Gre Tai Securities Market
The United States of America	New York Stock Exchange (NYSE) The NASDAQ Stock Market (NASDAQ)

**Eligible Derivatives Markets:**

Austria	Weiner Borse AG
Australia	Australia Securities Exchange (ASX)
Belgium	NYSE Euronext Brussels Exchange
Canada	Montreal Exchange (MX)
Denmark	NASDAQ OMX Copenhagen
Finland	NASDAQ OMX Helsinki
France	NYSE Euronext Paris
Hong Kong	Hong Kong Exchange
Italy	Futures Market for Government Securities (MIF)
Japan	Osaka Securities Exchange (OSE) Tokyo Stock Exchange (TSE)
Netherlands	NYSE Euronext Amsterdam
New Zealand	New Zealand Exchange
Singapore	Singapore Exchange (SGX)
Spain	MEFF
Sweden	NASDAQ OMX Stockholm
Switzerland	SIX Swiss Exchange (SWX)
United Kingdom	EDX London The London International Financial Futures and Options Exchange (NYSE LIFFE)
United States	NYSE AMEX Options Chicago Board of Trade Chicago Board of Options Exchange (CBOE) Chicago Mercantile Exchange Kansas City Board of Trade ICE Futures US New York Mercantile Exchange (NYMEX) Pacific Stock Exchange NASDAQ OMX NFX NASDAQ OMX PHLX

## Appendix III

### Investment and Borrowing Powers of the Company

#### 1. General

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

The Sub-funds will not maintain an interest in any immovable property or moveable property for the direct pursuit of the ICVC's business.

The Sub-funds will not invest directly in immovable property but may gain exposure indirectly through allowable instruments including index based products.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the Scheme Property of the Sub-funds in money-market instruments and/or cash deposits.

##### 1.1 Prudent Spread of Risk

The ACD must ensure that, taking account of the investment objectives and policy of each Sub-fund, the Scheme Property of each Sub-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 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 Sub-fund 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 Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

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

#### 2. UCITS Schemes – General

2.1 Subject to the investment objectives and policy of a Sub-fund and the restrictions set out in this Prospectus, the Scheme Property of a sub-fund must, except where otherwise provided in COLL 5, only consist of:

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 permitted units in collective investments schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

#### 3. Transferable Securities

3.1 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) or 77 (Instruments creating or acknowledging indebtedness) 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 Sub-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 Sub-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 Shares at the request of any qualifying Shareholder under the FCA Handbook;
- 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 Shares 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 Sub-fund may be invested in warrants.

#### 4. Closed End Funds Constituting Transferable Securities

- 4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-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 Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-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 Sub-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 Shares 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 Scheme Property of a Sub-fund 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 Sub-fund must be:
  - 7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or
  - 7.1.2 dealt in on an eligible market as described in 8.3.2; or
  - 7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or
  - 7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or
  - 7.1.5 recently issued transferable securities provided that:
    - 7.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 7.1.5.2 such admission is secured within a year of issue.
- 7.2 However, a Sub-fund may invest no more than 10% of its 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 Sub-fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 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;
  - 8.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or
  - 8.3.3 a market within paragraph 8.4 of this Appendix.
  - 8.3.4 A market not falling within paragraph 8.3.1 and 8.3.2 of this Appendix is eligible for the purposes of COLL 5 if:
- 8.4 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 8.4.1 the market is included in a list in the Prospectus; and

- 8.4.2 the Depository has taken reasonable care to determine that:
  - 8.4.2.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
  - 8.4.2.2 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 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 Shareholders.
- 8.6 The Eligible Markets for the Sub-funds 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 Sub-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 Shareholders and savings; and
  - 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) 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 Shareholders 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 (Appropriate information for money-market instruments) below; and
  - 9.2.3 the instrument is freely transferable.

## 10. Issuers and Guarantors of Money-Market Instruments

- 10.1 A Sub-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 Union 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 Union 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 Union 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;
- 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 Sub-fund is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property of a Sub-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 12.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the 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 Sub-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 Sub-fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 The COLL Sourcebook provides that not more than 20% in value of the Scheme Property of a Sub-fund is to consist of the units of any one collective investment scheme.
- 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 Sub-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 paragraphs 12.6 and 12.9 above.
- 13.2 When calculating the exposure of a Sub-fund to a counterparty in accordance with the limits in paragraph 12.6 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 Sub-fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-fund.
- 13.4 The netting agreements in paragraph 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Sub-fund may have with that same counterparty.
- 13.5 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.
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 13.8 when it passes collateral to an OTC counterparty on behalf of a Sub-fund.
- 13.7 Collateral passed in accordance with paragraph 13.6 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 that Sub-fund.
- 13.8 The ACD must calculate the issuer concentration limits referred to in paragraph 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 13.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 2.9 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 Where no more than 35% in value of the Scheme Property of a Sub-fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 14.3 Notwithstanding 12.1 and subject to 14.2, in applying the 20% limit in paragraph 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% of the value of the Scheme Property of a Sub-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 and provided that no more than 10% in value of the Scheme Property of a Sub-fund is invested in Second Schemes within 15.1.1.2-15.1.1.5 below.
  - 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.272 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);
    - 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 the 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 (Spread: general) apply to each sub 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 Sub-fund’s Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 15.2 The Scheme Property attributable to a Sub-fund may include Shares in another Sub-fund of the Company (the “Second Sub-fund”) subject to the requirements of paragraph 15.3 below.
- 15.3 A Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:
  - 15.3.1 the Second Sub-fund does not hold Shares in any other Sub-fund of the Company;
  - 15.3.2 the requirements set out at paragraphs 12.8 and 15.6 below are complied with.

- 15.4 The Sub-funds may, subject to the limit set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Sub-fund or one of its Associates.
- 15.5 If a substantial proportion of a Sub-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 Sub-fund will be 1.5%.
- 15.6 Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Sub-fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 15.7 Where a Sub-fund of the Company invests in or disposes of Shares in a Second Sub-fund or 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 that Sub-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.

## 16. Investment in Nil and Partly Paid Securities

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

## 17. Derivatives: General

- 17.1 **The Investment Manager may employ derivatives for Investment Purposes ('IP'), in the pursuit of its investment objectives as stated in the Prospectus and in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the Authorised Corporate Director.**
- 17.2 **Due to the relatively simple derivative strategies that may be used by the Sub-fund, the Authorised Corporate Director will treat the Sub-fund as an 'Investment Purposes without VaR' fund and monitor its risk using the commitment approach. The leverage, as measured using this approach, cannot exceed 100% of the net asset value of the Sub-fund's property.**
- 17.3 **The commitment approach measures the exposure generated by a derivative position, as the market value of assets which have the equivalent economic risks and rewards of the derivative position.**
- 17.4 **The sum of the absolute value of all these equivalent positions, after allowing for netting and hedging, is then the leverage generated by the Sub-fund's derivatives' positions. This leverage level must comply with the RMP.**
- 17.5 **The use of derivatives and forward transactions for investment purposes may cause the Sub-funds' risk profile to change.**
- 17.6 **However, it is the Investment Manager's intention that the Sub-fund, owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.**
- 17.7 The Investment Manager may also employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Sub-funds', or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"). It is not intended that the use of derivatives and forward transactions for EPM purposes will cause the Sub-funds' risk profile to increase.
- 17.8 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 19 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives and forward transactions) of this Appendix.
- 17.9 Where a Sub-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.
- 17.10 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.
- 17.11 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - 17.11.1 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;

- 17.11.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 17.11.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.12 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.
- 17.13 Where a Sub-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.

## 18. Efficient Portfolio Management

- 18.1 The Sub-fund(s) may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Sub-fund(s) entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA's COLL sourcebook.
- 18.2 There is no guarantee that the Sub-fund(s) will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Sub-fund(s)), the risk of loss to the Sub-fund(s) may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.
- 18.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Sub-fund(s). In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Sub-fund(s). Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Sub-fund(s).
- 18.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Sub-fund(s) may accept. A copy of this is available from the ACD on request.
- 18.5 Investors should note that EPM transactions may be effected in relation to the Sub-fund(s) in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Sub-fund(s). Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Sub-fund(s) and its investors. The ACD and Investment Manager will ensure that the Sub-fund(s) and its investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Sub-fund(s) than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.
- 18.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Sub-fund(s), net of direct and indirect operational costs and fees.

## 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 section 23 (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 a Sub-fund is dedicated:
  - 19.2.1 transferable securities;
  - 19.2.2 approved money-market instruments permitted under paragraphs 7.1.1. to 7.1.4;
  - 19.2.3 deposits;
  - 19.2.4 permitted derivatives under this section;
  - 19.2.5 collective investment scheme units permitted under section 15 (Investment in collective investment schemes);

- 19.2.6 financial indices which satisfy the criteria set out in section 20 (Financial indices underlying derivatives);
  - 19.2.7 interest rates;
  - 19.2.8 foreign exchange rates; and
  - 19.2.9 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 a Sub-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, shares in collective investment schemes, or derivatives.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 19.7 A derivative includes an investment which fulfils the following criteria:
- 19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 19.7.3 in the case of an OTC Derivative, it complies with the requirements in paragraph 23; and
  - 19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.8 A Sub-fund may not undertake transactions in derivatives on commodities.

## 20. Financial Indices Underlying Derivatives

- 20.1 The financial indices referred to in paragraph 19.2.6 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 Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 20.2.3 where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 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 paragraph 19.2 be regarded as a combination of those underlyings.

## 21. Transactions for the Purchase of Property

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

## 22. Requirement to Cover Sales

22.1 No agreement by or on behalf of a Sub-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 a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-fund at the time of the agreement. This requirement does not apply to a deposit.

## 23. OTC Transactions in Derivatives

23.1 Any transaction in an OTC derivative under paragraph 19.1 must be:

23.1.1 in a future or an option or a contract for differences;

23.1.2 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 Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

23.1.3 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 transaction to sell, liquidate or close out that transaction at any time, at a fair value;

23.1.4 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:

23.1.4.1 on the basis of an up-to-date market value the ACD and the Depositary have agreed is reliable; or

23.1.4.2 if the value referred to in 23.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

23.1.5 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:

23.1.5.1 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

23.1.5.2 a department within the ACD which is independent from the department in charge of managing a Sub-fund and which is adequately equipped for such a purpose.

23.1.6 For the purposes of paragraph 23.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## 24. Valuation of OTC Derivatives

24.1 For the purposes of paragraph 23.1.3 the ACD must:

24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-fund to OTC derivatives; and

24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in paragraph 24.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

24.3 The arrangements and procedures referred to in 24.1 must be:

24.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

24.3.2 adequately documented.

## 25. Risk Management

- 25.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, 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 the Fund. 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 the Fund together with their underlying risks and any relevant quantitative limits; and
  - 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. Investments in Deposits

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

## 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 the 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

- 28.1 The Company 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;
  - 28.1.3 must not acquire more than 10% of the debt securities issued by any single issuing body;
  - 28.1.4 must not acquire more than 25% of the units in a collective investment scheme;
  - 28.1.5 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
  - 28.1.6 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 Sub-funds may invest in derivatives and forward transactions as long as the exposure to which a Sub-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 Sub-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 Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Sub-fund is committed. Paragraph 31 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of that Sub-fund.
- 29.3 A future is to be regarded as an obligation to which a Sub-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 a Sub-fund 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 Sub-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 Sub-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 Sub-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 Sub-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 index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme 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 Sub-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 Sub-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.

### 32. Borrowing

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 31 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 32.2 Where, for the purposes of this paragraph a Sub-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 on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 37 (General power to borrow) of this Appendix do not apply to that borrowing.

### 33. Calculation of Global Exposure

- 33.1 The ACD must calculate the global exposure of a Sub-fund on at least a daily basis.
- 33.2 The ACD must calculate the global exposure of any Sub-fund it manages either as:
  - 33.2.1 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
  - 33.2.2 the market risk of the Scheme Property.

- 33.3 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.
- 33.4 The ACD must calculate the global exposure of a Sub-fund by using:
- 33.4.1 commitment approach; or
  - 33.4.2 the value at risk approach.
- 33.5 The ACD must ensure that the method selected above is appropriate, taking into account:
- 33.5.1 the investment strategy pursued by the Sub-fund;
  - 33.5.2 types and complexities of the derivatives and forward transactions used; and
  - 33.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 33.6 Where a Sub-fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 42 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

## 34. Cash and Near Cash

- 34.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 34.1.1 the pursuit of a Sub-fund's investment objectives; or
  - 34.1.2 the redemption of Shares; or
  - 34.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or
  - 34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 34.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 35. General

- 35.1 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of Shares, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 35.2 Where a Sub-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 Sub-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.
- 35.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-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.
- 35.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example a Sub-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 Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Sub-fund) under certain conditions.

## 36. Underwriting

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

## 37. General Power to Borrow

- 37.1 The Company may, (on the instructions of the ACD) and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.

- 37.2 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.
- 37.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Sub-fund.
- 37.4 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).

### **38. Restrictions on Lending of Money**

- 38.1 None of the money in the Scheme Property of a Sub-fund may be lent and, for the purposes of this paragraph, money is lent by a Sub-fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 38.2 Acquiring a debenture is not lending for the purposes of paragraph 38.1 nor is the placing of money on deposit or in a current account.
- 38.3 Nothing in paragraph 38.1 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.

### **39. Restrictions on Lending of Property Other Than Money**

- 39.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 39.2 Transactions permitted by paragraph 42 (Stock lending) are not to be regarded as lending for the purposes of paragraph 39.1.
- 39.3 The Scheme Property of the Sub-funds must not be mortgaged.
- 39.4 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 its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

### **40. General Power to Accept or Underwrite Placings**

- 40.1 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 Sub-fund.
- 40.2 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.
- 40.3 The exposure of a Sub-fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

### **41. Guarantees and Indemnities**

- 41.1 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.
- 41.2 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.
- 41.3 Paragraphs 41.1 and 41.2 do not apply to in respect of the Company:
- 41.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
  - 41.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 41.3.3 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

41.3.4 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.

## 42. Stock Lending

- 42.1 The entry into stock lending transactions or repo contracts for the account of a Sub-fund is permitted for the generation of additional income for the benefit of a Sub-fund, and hence for its investors.
- 42.2 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.
- 42.3 The stock lending permitted by this section may be exercised by a Sub-fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Sub-fund with an acceptable degree of risk.
- 42.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement 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 is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- 42.5 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.
- 42.6 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 the Sub-fund.
- 42.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions or repo contracts.

## Appendix IV

### List of Sub-Custodians

The Custodian may delegate the custody of assets to the following Sub-Custodians:

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

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

<b>Country</b>	<b>Sub-custodian</b>	<b>Sub-delegates</b>
Slovakia	Citibank Europe plc	
Slovenia	UniCredit Banka Slovenija d.d.	
South Africa	The Standard Bank of South Africa Limited	
South Korea	The Hongkong and Shanghai Banking Corporation Limited	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse AG	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Ltd
Thailand	Citibank, N.A.	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank A.S.	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates – ADX	HSBC Bank Middle East Limited	
United Arab Emirates – DFM	HSBC Bank Middle East Limited	
United Arab Emirates – NASDAQ Dubai	HSBC Bank Middle East Limited	
United Kingdom	The Northern Trust Company, London	
United States	The Northern Trust Company	
Uruguay	Banco Itau Uruguay S.A.	
Vietnam	HSBC Bank (Vietnam) Ltd	
Zambia	Standard Chartered Bank Zambia plc	

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

## Appendix V

### List of Other Authorised Collective Investment Schemes Operated by the ACD

The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:

Asperior Investment Funds	CF Seneca Investment Funds
Astraea Investment Funds	CF Waverton Investment Funds
Celestial Investment Funds	CF Wolos Investment Funds
CF Arch Cru Investment Funds	CF Woodford Investment Fund
CF Arch Cru Diversified Funds	CF Zenith St Andrews Fund
CF Asset Value Investors Global Fund	Luscinia Investments Funds
CF Bentley Investment Funds	Packel Global Fund
CF Canada Life Investments Fund	PE Managed Fund
CF Canada Life Investments Fund II	Purissima Investment Funds
CF Cautela Fund	The Abbotsford Fund
CF Danske Fund	The Arbor Fund
CF DSMCP Investment Funds	The Broden Fund
CF Eclectica Funds	The Castleton Growth Fund
CF Heartwood Multi Asset Funds	The CF Waverton Managed Investment Fund
CF IM Investment Funds	The Circus Fund
CF KB Invicta Fund	The Cranmer Investment Fund
CF Lindsell Train UK Equity Fund	The Davids Fund
CF Macquarie Investment Funds	The Gulland Fund
CF Miton Investment Funds	The Helm Investment Fund
CF Miton Investment Funds 3	The MN Fund
CF Miton Total Return Fund	The Monoux Fund
CF Miton Worldwide Opportunities Fund	The Mulberry Fund
CF Morant Wright Japan Fund	The Navajo Fund
CF Morant Wright Nippon Yield Fund	The New Floco Fund
CF Odey Funds	The New Grande Motte Fund
CF Odey Investment Funds	The New Jaguar Fund
CF Odey Wealth UK	The New Viaduct Fund
CF Prudential Investment Funds (1)	The OHP Fund
CF Resilient Investment Funds	The Steelback Fund
CF Richmond Core Fund	The Tasman Fund
CF Richmond Funds	Trojan Investment Funds
CF Robin Fund	Windrush Fund
CF Ruffer Investment Funds	Wood Street Micro Cap Investment Fund

**The ACD acts as Manager of the following Authorised Unit Trusts:**

CF Adam Worldwide Fund  
CF Canlife Balanced Unit Trust  
CF Canlife European Unit Trust  
CF Canlife Gilt & Fixed Interest Unit Trust  
CF Canlife International Growth Unit Trust  
CF Canlife Japanese Growth Unit Trust  
CF Catalyst Trust  
CF Greenmount Fund  
CF Heartwood Balanced Growth Fund  
CF Institutional World Fund  
CF KB Feelgood Trust  
CF KB Ramogan Trust  
CF Lacom World Fund  
CF New Villture Fund  
CF Prudential Pacific Markets Trust  
CF Stewart Ivory Investment Markets Fund  
CF Villture Fund  
Lorimer Trust  
The Beaver Trust  
The CF Prudential Qualified Investor Scheme Umbrella Unit Trust  
The Drygate Trust  
The Holly Fund  
The Mermaid Trust  
The Newgate Trust

## Appendix VI

### Past Performance and Investor Profile

#### Past Performance

Since the fund launched on [•] there is insufficient data to give a reliable indication of past performance. Past performance is no indication of future performance.

#### Investor Profile

The Sub-funds are marketable to all eligible investors provided they can meet the minimum age and subscription levels.

The Sub-funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives.

Investors should also consider the following:

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#### CF Woodford Income Focus Fund

Typically, investors should:

- ✓ wish to achieve income with capital growth from investment mainly in equities;
- ✓ have a lump sum to invest or be able to make regular investment payments;
- ✓ have savings that can be accessed on demand to cover 'rainy day' requirements;
- ✓ be able to accept investment losses;
- ✓ plan to invest for the long-term in the knowledge that their return may suffer if they disinvest in the shorter-term.

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If you are uncertain whether these products are suitable for you, please contact a professional adviser.

## Appendix VII

### Directory

**The Company and Head Office:**

CF Woodford Investment Funds II  
40 Dukes Place  
London  
EC3A 7NH

**Authorised Corporate Director:**

Capita Financial Managers Limited  
40 Dukes Place  
London  
EC3A 7NH  
Telephone: 0345 922 0044

**Depositary:**

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

**Investment Manager:**

Woodford Investment Management Limited  
9400 Garsington Road  
Oxford Business Park  
Oxford  
OX4 2HN

**Administrator, Registrar and Fund Accountant:**

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

Telephone Number: 0333 300 0381  
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Email address: WoodfordInvestorServices@ntrs.com  
Postal address: PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG

**Auditors:**

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