

## ES SHARE CENTRE ICVC

(An open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000608)

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## PROSPECTUS

This document is the Prospectus of ES Share Centre ICVC (the “Company”) which has been prepared in accordance with the Collective Investment Schemes Sourcebook of the Financial Conduct Authority's Handbook of Rules and Guidance. Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary.

Equity Trustees Fund Services Limited, the Authorised Corporate Director of the Company (the “ACD”), is the person responsible for the information contained in this Prospectus. To the best of the ACD's knowledge, information and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statements or omit any matters required to be included in it by the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 24 March 2021

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# THE ES SHARE CENTRE ICVC

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**The Company**

The ES Share Centre ICVC  
4th Floor  
Pountney Hill House  
6 Laurence Pountney Hill  
London  
EC4R 0BL

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**Authorised Corporate Director ('ACD')**

Equity Trustees Fund Services Limited  
4th Floor  
Pountney Hill House  
6 Laurence Pountney Hill  
London  
EC4R 0BL

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**Depository**

Société Générale, London Branch  
London Branch  
SG House,  
41 Tower Hill  
London  
EC3N 4SG

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**Investment Manager**

The Share Centre Limited  
Oxford House  
Oxford Road  
Aylesbury  
Buckinghamshire  
HP21 8SZ

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**Auditor**

Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

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**The Registrar and Transfer Agency**

FNZ TA services Ltd  
Level 7  
2 Redman Place  
Stratford  
E20 1JQ

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**Fund Accountant**

Société Générale, London Branch  
London Branch  
SG House,  
41 Tower Hill  
London  
EC3N 4SG

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## DEFINITIONS

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<b>Accumulation Shares</b>	Shares in respect of which income allocated thereto is retained on behalf of the Shareholders of such Shares by being periodically credited to capital pursuant to the Regulations.
<b>ACD</b>	Equity Trustees Fund Services Limited which acts as the authorised corporate director of the Company.
<b>ACD Agreement</b>	The agreement between ACD and the Company dated 16 January 2008 appointing the ACD.
<b>Auditor</b>	Deloitte LLP.
<b>Authorisation Order</b>	The Order made by the FCA in relation to the Company under regulation 14 of the OEIC Regulations.
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which the banks are generally open for business in London.
<b>Company</b>	The ES Share Centre ICVC.
<b>Dealing Day</b>	Any day on which the ACD is open for business, normally Monday to Friday each week between 8.00 am and 6.00 pm (exceptions will include Bank and Public Holidays and may include part of the Business Day before these holidays).
<b>Depository</b>	Société Générale, London Branch (London Branch) which acts as the Depository of the Company.
<b>EU</b>	The European Union.
<b>FCA</b>	The Financial Conduct Authority, previously the Financial Services Authority (FSA) of 12 Endeavour Square, London, E20 1JN.
<b>FCA Rules</b>	The rules contained in the Collective Investment Schemes Sourcebook (or COLL) published by the FCA from time to time as part of their Handbook of rules made under the Act and which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebook.
<b>Fund Or Funds</b>	Sub-fund or sub-funds of the Company. Each Fund forms part of the property of the Company but is pooled separately and is invested in accordance with the investment objective applicable to that Fund.
<b>Fund Accountant</b>	Société Générale, London Branch (London Branch)
<b>Income Shares</b>	Shares in respect of which income allocated thereto is distributed periodically to Shareholders of such Shares pursuant to the Regulations.
<b>Instrument of Incorporation</b>	The Instrument Of Incorporation of the Company dated 31st December 2015 as amended or updated from time to time.

<b>Investment Manager / Investment Adviser</b>	The Share Centre Limited
<b>OECD</b>	The Organisation for Economic Co-operation and Development.
<b>OEIC Regulations</b>	The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended.
<b>Prospectus</b>	This Prospectus, including the schedules hereto.
<b>Registrar and Transfer Agency</b>	FNZ Transfer Agency Services.
<b>Regulations</b>	The OEIC Regulations and the FCA Rules.
<b>Share or Shares</b>	A Share or Shares in the Company, being Shares which relate to a particular Fund.
<b>Shareholder</b>	A holder of Shares in the Company.
<b>SDRT</b>	Stamp duty reserve tax.
<b>UCITS</b>	Means an undertaking established in the United Kingdom or an EEA State in accordance with section 236 A of FSMA, as amended;
<b>UCITS Related Direct UK Legislation</b>	"UCITS-related direct EU legislation" means a) Commission Regulation (EU) 2010/583 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website, or (b) Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries;
<b>UCITS Scheme</b>	means a UK UCITS constituted in accordance with FSMA so that its Shares can be sold to retail investors in the UK
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland.
<b>UK UCITS</b>	means an undertaking established in accordance with section 236 A and 237 of FSMA, as amended;
<b>Valuation Point</b>	12 noon on a Dealing Day. On days where the London Stock Exchange is only open for half a day (usually the Business day before Christmas Day and New Year's Day), with the agreement of the Depositary, the ACD may decide to move the Valuation Point forward 2 hours to 10am, or any such other time as the ACD may agree with the Depositary. In such circumstances, the ACD will disclose this change for at least 4 weeks beforehand on their website ( <a href="http://www.equitytrustees.com">www.equitytrustees.com</a> ).

# 1. THE COMPANY

The ES Share Centre ICVC is an open-ended investment company with variable Share capital. The Company is authorised in the United Kingdom by the FCA under product reference number 476001. The Company is incorporated in England and Wales with registered number IC000608. The effective date of the Authorisation Order made by the FCA was 14 January 2008.

The minimum Share capital of the Company shall be £100 and the maximum Share capital shall be £1,000,000,000. The base currency for the Company is pounds sterling. The Shareholders are not liable for the debts of the Company.

The Company is a "UCITS Scheme", as defined in the FCA Rules, and organised as an umbrella company for purposes of the OEIC Regulations.

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

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

The Funds in which Shares are currently available are as follows:

- ES Share Centre Multi Manager Income Fund
- ES Share Centre Multi Manager Growth & Income Fund
- ES Share Centre Multi Manager Growth Fund

Subject to the OEIC Regulations and the provisions set out in the instrument constituting the Scheme, the ACD may establish additional Funds from time to time.

The Company will not have any interest in any immovable property or tangible movable property.

The address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on the Company is 4th Floor Pountney Hill House Laurence Pountney Hill London EC4R 0BL.

## 1.1. Profile of a Typical Investor

The Funds may be marketed to all classes of investor. However, a typical investor will understand and appreciate the risks associated with investing in shares in the Funds.

The Funds may be appropriate for investors who are seeking an income, an increase in the value of their investment (known as capital growth) or capital growth and income (as set out in the investment objective for each Fund). and may not be appropriate if the investor plans to withdraw their money within 5 years of making their investment.

A typical investor should be aware that 100% of their capital is at risk and that the Funds are not appropriate for investors who seek a capital guarantee nor for those investors who can bear no capital loss including minor losses. The Funds are not designed to preserve or limit capital loss.

## 2. AUTHORISED CORPORATE DIRECTOR (ACD)

The ACD is Equity Trustees Fund Services Limited, a private company incorporated with limited liability in England under the Companies Act 1985. Its registered office and head office are situated at 4th Floor, Pountney Hill House, Laurence Pountney Hill, London EC4R 0BL. It was incorporated on 5 August 2003. It has an issued and fully paid-up Share capital of £10,000.

The ultimate holding company of Equity Trustees Fund Services Limited is Equity Trustee (UK & Europe) Ltd which is incorporated in England.

The ACD is authorised and regulated to carry on regulated activities in the United Kingdom by virtue of its authorisation by the FCA.

The ACD also acts as Authorised Corporate Director to the ES River and Mercantile Funds ICVC, ES AllianceBernstein UK OEIC, ES Ardevora ICVC, ES Baker Steel Gold and Precious Metals Fund and ES Investec Wealth & Investment OEIC.

The directors of Equity Trustees Fund Services Limited, as at the date of this Prospectus, are:

- James Gardner
- Leanne Isaacs
- Kevin Lavery
- Harvey Kalman
- Dallas McGillivray
- Vincent Camerlynck

### 2.1. ACD Agreement

The ACD has been appointed under the ACD Agreement. Pursuant to the ACD Agreement, the ACD shall manage and administer the Company in accordance with the Regulations, the Instrument Of Incorporation and the Prospectus. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD, including the management, investment and reinvestment of the property of each Fund in order to achieve the various investment objectives. A copy of the ACD Agreement will be provided to a Shareholder on request.

The ACD is entitled to receive Preliminary and Periodic Charges as set out in the section of this Prospectus headed "Charges".

The ACD Agreement may be terminated without compensation by either party giving to the other not less than six months' written notice at any time. The ACD shall not voluntarily terminate its appointment unless the termination is coterminous with the commencement of the appointment of a successor authorised corporate director of the Company.

The appointment of the ACD shall also be terminated forthwith by written notice of the Company to the ACD if the ACD goes into or takes any steps to initiate liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Depositary) or is unable to pay its debts, or a receiver is appointed of any of the assets of the ACD or an administration order is obtained for or in respect of the ACD.

The appointment of the ACD shall also be terminated forthwith by written notice of either party if the other party commits any material breach of the ACD Agreement and (if such breach is capable of remedy) fails within 30 days of receipt of notice served by the non-defaulting party requiring it to do so to make good such breach, provided that such breach is continuing.

Subject to the Regulations and except insofar as the same may result from the negligence, wilful default or fraud of the ACD, any delegate, or its or their employees, officers or directors, the Company has agreed to indemnify the ACD, its delegates and its and their employees, officers and directors against all costs, losses claims and expenses either (i) as a result of any party claiming to be entitled to any investment or other asset of the Company or (ii) in consequence of any breach by the Company of any term of the ACD Agreement (iii) arising out of or in connection with the exercise by the ACD of the powers and discretions conferred upon it under the ACD Agreement (iv) arising out of the imposition of any liability to taxation,



charge or other levy as a result of implementing the investment objective and policy of any Fund or (v) in consequence of any act or omission of the ACD acting on the instructions from the Depositary.

Under the ACD Agreement, the ACD may delegate any of its functions under the agreement to any associate (as defined in the FCA's Handbook of rules and guidance) or any other person selected by it and may provide information about the Company and its investments to any of its delegates.

In accordance with these provisions, the ACD has delegated to FNZ Transfer Agency Services, the duty of providing administration and registrar services to the ACD relation to the Company.

### **3. THE INVESTMENT MANAGER**

The Investment Manager is The Share Centre Ltd, a company authorised and regulated by the FCA. The Investment Manager's principal activity is execution only retail stockbroking, it also provides investment management.

The ACD has delegated to the Investment Manager the duty of providing investment advice and discretionary investment management in respect of the Company.

#### **3.1. Investment Management Agreement**

Under the terms of an agreement between the ACD and the Investment Manager dated 27 March 2017 (the "Investment Management Agreement"), the Investment Manager has the authority of the ACD and the Company to exercise discretionary management powers in respect of the Company in accordance with its investment objective, including the power to effect such investments and reinvestments on behalf of the Company as it considers appropriate.

The Investment Manager will be entitled to receive remuneration from the ACD paid out of the fees the ACD receives from the Company. The Investment Manager will not receive any other fees directly from the Company, save with the approval of Shareholders.

The Investment Management Agreement will continue for a minimum period of twelve months unless terminated by the mutual written consent of both parties or by either party at any time upon giving to the other party not less than six months' written notice. The Investment Management Agreement may also be terminated by either party if the other party goes into liquidation (or other form of insolvency including a voluntary arrangement) or has a receiver or administrator appointed except for the purposes of a bona fide reorganisation, or if the other party breaches or fails to perform any material term of the Investment Management Agreement which (if it is capable of remedy) is not remedied within 30 days of receipt of written notice by such other party from the first-mentioned party. The ACD may also terminate the Investment Management Agreement with immediate effect, in accordance with the FCA Rules, when it considers this to be in the interests of investors.

Under the Investment Management Agreement, the ACD and the Investment Manager have agreed to indemnify each other against any costs, losses, liabilities, expenses, actions or demands whatsoever suffered or incurred in connection with the Investment Management Agreement directly or indirectly as a result of the other's negligence, wilful default, fraud or breach of the terms of the Investment Management Agreement. The total aggregate liability one party may have to the other under these indemnities in respect of each event or series of events is limited to ten times the ACD's "annual fee", defined as the ACD's retained earnings in respect of the Company for the most recent month of operations multiplied by twelve.

## 4. THE DEPOSITARY

Société Générale, London Branch (London Branch) is the Depositary of the Company.

The Company's Depositary is Société Générale London Branch. The Depositary's parent company is Société Générale, a company incorporated in France and acting through its London Branch registered in England on 3 December 2001 under number BR 000021 whose address is SG House, 41 Tower Hill, London, EC3N 4SG. The principal business activity of the Depositary is the provision of financial services including depositary and trustee services. The Depositary is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. The ultimate holding company of the Depositary is Société Générale, 29 Boulevard Haussman, 75009 Paris, France, which is incorporated in France.

### 4.1. Duties of the Depositary:

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 applicable laws, rules and regulations.

### 4.2. Conflicts of Interest:

In the course of performing its duties, the following conflicts of interest may arise between the ACD, the Company, investors and the Depositary:

- Conflicts of interest may arise if and when the ACD or the Company maintains other business relationships with Société Générale, London Branch (London Branch) in parallel with the appointment of Société Générale, London Branch (London Branch) as depositary of the Company. For example, Société Générale, London Branch (London Branch) may also provide the Company or the ACD with fund administration services including net asset value calculations.

Where such conflicts of interests cannot be avoided, the ACD and the Depositary will manage and monitor them in order to prevent adverse effects on the interests of the Company and investors.

In order to address situations of conflicts of interest, the Depositary has implemented and maintains a conflicts of interest policy, aimed at:

- identifying and analysing potential situations of conflicts of interest;
- recording, managing and monitoring the conflict of interest situations either by:
  - relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
  - implementing a case-by-case approach to (i) take the appropriate preventive measures such as implementing new information barriers, making sure that relevant operations are separate and/or informing the client concerned, or (ii) refrain from carrying out the activity giving rise to the conflict of interest.

### 4.3. Delegation of Safekeeping Functions:

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

The Depositary has not delegated safekeeping of the Scheme Property. However, the Depositary has delegated the custody of assets in certain markets in which the Company may invest to various delegates ("Sub-custodians"). A list of Sub-custodians is given in Appendix 2. Investors should note that the list of Sub-custodians is updated only at each Prospectus review.

### 4.4. Updated Information:

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

## **4.5. Terms of Appointment:**

The Company is required to enter into a written contract with the Depositary to evidence its appointment. The Depositary was appointed under an agreement dated 23 March 2016 (the "Depositary Agreement").

The Depositary Agreement may be terminated by not less than six months' written notice or immediately in certain circumstances as set out in the Depositary Agreement. A notice of termination shall not take effect until the appointment of a successor as depositary. Where a replacement depositary is not appointed within nine months of the notice of termination, the Depositary may request the ACD to make an application to the FCA for the winding up of the Company.

If any financial instruments held by the Depositary for the Company are lost (as defined under COLL 6.6B 18 R of the Collective Investment Schemes Sourcebook), the Depositary must return assets of an identical type or to pay to the Company a corresponding amount to the lost financial instruments, unless the loss arose as a result of an external event which meets the conditions set out in Regulations 15 C (3) of the Undertaking for Collective Investment in Transferable Securities Regulations 2011. Otherwise, the Depositary is liable for its negligence, intentional failure or fraud, subject to the terms and exclusions set out in the Depositary Agreement.

Under the Depositary Agreement, the Company will indemnify the Depositary (and its branches, subsidiaries, officers, employees and directors) against all claims, losses, liabilities, damages, judgments, costs, fees and expenses (including properly incurred legal fees and expenses) suffered or incurred by the Depositary arising from or in connection the performance of its obligations, except in the case of any liability arising from the negligence or intentional default of the Depositary or loss of financial instruments as described above.

Investors have no personal right to directly enforce any rights or obligations under the Depositary Agreement.

The remuneration of the Depositary is set out in Section "Depositary's Remuneration and Expenses" of this Prospectus.

## **5. THE AUDITOR**

The Auditor of the Company is Deloitte LLP of Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB

## **6. THE REGISTRAR**

The register of holders (the "Register") in the Funds of the Company is kept by FNZ Transfer Agency Services. as Registrar at Level 7, 2 Redman Place, Stratford

E20 1JQand may be inspected at that address during ordinary office hours by any Shareholder or Shareholder's duly authorised agent.

## **7. THE FUND ACCOUNTANT**

The Company's Administrator is Société Générale, London Branch. The Administrator was incorporated in France as a Société Anonyme on 07/10/1955, and registered as a branch in England and Wales 01/01/1993 (UK Establishment Number BR000021), and its primary place of business within the United Kingdom is SG House, 41 Tower Hill, London EC3N 4SG. The Administrator undertakes fund accounting and pricing functions on behalf of the company.

The Fund Accountant provides fund administration services to the ACD.

## 8. INVESTMENT OBJECTIVES & POLICIES

The assets of each Fund will be invested with the aim of achieving the investment objective and policy of that Fund. They must be invested so as to comply with the investment and borrowing powers and restrictions set out in the Regulations, the Instrument Of Incorporation, and this Prospectus.

A summary of the investment powers and safeguards applicable to each Fund is set out in Appendix 1.

### 8.1. The Funds

#### 8.1.1. ES Share Centre Multi Manager Income Fund (PRN 642159)

##### (a) Investment Objective

The Sub-Fund aims to provide investors with a combination of income, which is equal to or more than 2% above the official Bank of England base rate after the deduction of all fees over a rolling 12 month period, (the “Benchmark”) and capital growth.

##### (b) Investment Policy

The Sub-Fund seeks to achieve its investment objective by investing at least 80% of its value in a portfolio of collective investment schemes (CIS’), that includes Open Ended Investment Companies (OEICs), Unit Trusts, Investment Trusts and Exchange Traded Products (ETPs).

The CIS’ will invest at least 80% in listed equities and/or income securities (more widely referred to as sovereign, corporate or consumer debt). The listed equities will be in companies which are domiciled, incorporated, or have significant operations in a Developed Market or have (or had at the time of investment) shares listed in a Developed Market. The income securities will be those issued by companies and governments domiciled in Developed Markets

Investment in collective investment schemes (which includes exchange traded funds) may include those operated and/or managed by the ACD or the Investment Manager.

It is intended that at all times the funds total exposure to listed equities will be between 20% and 60%, of its value, and its exposure to income securities will be no less than 30% of its value.

Note: The Fund follows MSCI’s categorisation of countries as Developed Markets. Further information can be found on the MSCI website <https://www.msci.com/market-classification>.

Subject to the Sub-Fund’s investment objective as set out above, the additional asset classes in which the Sub-Fund may indirectly invest are; money market investments and commodities.

The Sub-Fund is actively managed meaning the Investment Manager uses their expertise to pick investments to achieve the Sub-Fund’s objective.

The Investment Manager will select investments for the Sub-Fund through its Investment Appraisal process. The Investment Appraisal process evaluates the CIS’ managers investment style and how investments are made over the economic cycle (the natural fluctuation of the economy between periods of expansion and contraction). The Investment Manager looks to invest for the medium to long-term (typically longer than 3 years), and will look for

investments that they consider to be undervalued and therefore have a greater potential for generating income or growth.

The official Bank of England base rate has been selected as a suitable benchmark as it is commonly recognised across the UK and the rate that influences the interest rates that investors would likely receive on bank savings.

(c) Comparator Benchmark

The capital growth element of the Sub-Funds objective is not managed to target or exceed the performance of any specific benchmark, nor are the Investment Manager's investment decisions constrained by any benchmark. However, the ACD welcomes investors to compare the Sub-Fund's capital growth performance by comparison to the IA Mixed Investment 20-60% Shares Index. The IA Mixed Investment 20-60% is considered appropriate on the basis that the Sub-Fund's equity exposure over time is expected to be similar to that of the average fund in this sector. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. This Fund is classified in the IA Mixed Investment 20-60% sector. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Fund's performance. The data source will be the Investment Association's website.

The ACD will include performance data for the IA Mixed Investment 20-60% Shares Index within the 'Past Performance' section of the Sub-Fund's Key Investor Information Document (KIID), which is available on the ACD's website – [www.EquityTrustees.com](http://www.EquityTrustees.com)

8.1.2. ES Share Centre Multi Manager Growth and Income Fund (PRN 642161)

(a) Investment Objective

The Sub-Fund aims to provide investors with a combination of income, which is equal to or more than 1% above the official Bank of England base rate after the deduction of all fees over a rolling 12 month period, (the "Benchmark") and capital growth.

(b) Investment Policy

The Sub-Fund seeks to achieve its investment objective by investing at least 80% of its value in a portfolio of collective investment schemes (CIS'), that includes Open Ended Investment Companies (OEICs), Unit Trusts, Investment Trusts and Exchange Traded Products (ETPs).

The CIS' will invest at least 80% in listed equities and/or income securities (more widely referred to as sovereign, corporate or consumer debt). The listed equities will be in companies which are domiciled, incorporated, or have significant operations in a Developed Market or have (or had at the time of investment) shares listed in a Developed Market. The income securities will be those issued by companies and governments domiciled in Developed Markets. There may also be some exposure to Emerging Markets.

Investment in collective investment schemes (which includes exchange traded funds) may include those operated and/or managed by the ACD or the Investment Manager.

It is intended that at all times the funds total exposure to listed equities will be between 40% and 85%, of its value.

Note: The Fund follows MSCI's categorisation of countries as Developed and Emerging Markets. Further information can be found on the MSCI website <https://www.msci.com/market-classification>

Subject to the Sub-Fund's investment objective as set out above, the additional asset classes in which the Sub-Fund may indirectly invest are; money market investments and commodities.

The Sub-Fund is actively managed meaning the Investment Manager uses their expertise to pick investments to meet the Sub-Fund's objective of delivering a balanced outcome for investors in the form of an income return and capital appreciation.

The Investment Manager will select investments for the Sub-Fund through its Investment Appraisal process. The Investment Appraisal process evaluates the CIS' managers investment style and how investments are made over the economic cycle (the natural fluctuation of the economy between periods of expansion and contraction). The Investment Manager looks to invest for the medium to long-term (typically longer than 3 years), and will look for investments that they consider to be undervalued and therefore have a greater potential for generating income or growth.

The official Bank of England base rate benchmark has been selected as it is commonly recognised across the UK and the rate that influences the interest rates that investors would likely receive on bank savings.

(c) Comparator Benchmark

The capital growth element of the Sub-Funds objective is not managed to target or exceed the performance of any specific benchmark, nor are the Investment Manager's investment decisions constrained by any benchmark. However, the ACD welcomes investors to compare the Sub-Fund's performance by comparison to the IA Mixed Investment 40-85% Shares Index. The comparator benchmark was chosen because it is representative of the Sub-Fund's agreed risk profile and the type of assets in which it invests. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. This Fund is classified in the IA Mixed Investment 40-85% sector. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Fund's performance. The data source will be the Investment Association's website.

The ACD will include performance data for the IA Mixed Investment 40-85% Shares Index within the 'Past Performance' section of the Sub-Fund's Key Investor Information Document (KIID), which is available on the ACD's website – [www.Equitytrustees.com](http://www.Equitytrustees.com)

8.1.3. ES Share Centre Multi Manager Growth Fund (PRN 642160)

(a) Investment Objective

The Sub-Fund aims to provide capital growth.

(b) Investment Policy

The Sub-Fund seeks to achieve its investment objective by investing at least 80% of its value in a portfolio of collective investment schemes (CIS'), that includes Open Ended Investment Companies (OEICs), Unit Trusts, Investment Trusts and Exchange Traded Products (ETPs).

The CIS' will invest at least 80% in listed equities and/or income securities (more widely referred to as sovereign, corporate or consumer debt). The listed equities and/or income securities can be in companies in any market and sector.

Investment in collective investment schemes (which includes exchange traded funds) may include those operated and/or managed by the ACD or the Investment Manager.

Subject to the Sub-Fund's investment objective as set out above, the additional asset classes in which the Sub-Fund may indirectly invest are; money market investments and commodities.

The Sub-Fund is actively managed meaning the Investment Manager uses their expertise to pick investments to achieve the Sub-Fund's objective.

The Investment Manager will select investments for the Sub-Fund through its Investment Appraisal process. The Investment Appraisal process evaluates the CIS' managers investment style and how investments are made over the economic cycle (the natural fluctuation of the economy between periods of expansion and contraction). The Investment Manager looks to invest for the medium to long-term (typically longer than 3 years), and will look for investments that they consider to be undervalued and therefore have a greater potential for generating growth.

(c) Comparator Benchmark

The Sub-Fund is not managed to target or exceed the performance of any specific benchmark, nor are the Investment Manager's investment decisions constrained by any benchmark. However, the ACD welcomes investors to compare the Sub-Fund's performance by comparison to the IA Flexible Investment Index. This represents a comparator benchmark because the Sub Fund's performance can be compared to funds which also sit within this industry sector. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. This Fund is classified in the IA Flexible Investment sector. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Fund's performance. The data source will be the Investment Association's website.

The ACD will include performance data for the IA Flexible Investment Index within the 'Past Performance' section of the Sub-Fund's Key Investor Information Document (KIID), which is available on the ACD's website – [www.EquityTrustees.com](http://www.EquityTrustees.com)

## 9. HISTORICAL PERFORMANCE

### 9.1. Historical Performance

For up to date historical performance, please refer to the current published KIID available on the ACDs website [www.equitytrustees.com](http://www.equitytrustees.com)

## **10. INDIVIDUAL SAVINGS ACCOUNTS ("ISAS") & JUNIOR INDIVIDUAL SAVINGS ACCOUNTS ("JISAS")**

In accordance with the Individual Savings Account Regulations 1998, as amended from time to time, Shares in all of the Funds of the Company are eligible for investment through ISAs.

Shares in all of the Funds of the Company are also eligible for investment through JISAs.

## **11. DISTRIBUTION OF INCOME**

The Company's annual accounting period ends on 31 December in each year, with an interim accounting period ending on 30 June. References to the above dates and the dates of income allocation periods and of publication of the yearly and half yearly report of the Company should be read accordingly.

Distribution of income to holders of Income Shares will be made on 1 March and 1 September. The income allocation periods are 1 January to 30 June and 1 July to 31 December.

Any distribution of income that is unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital property of the Fund to which such distribution relates.

Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares but the income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on or before the last day of the relevant annual accounting period or interim accounting period. The price of such Shares continues to reflect this retention of the income entitlement.

## **12. HOW DISTRIBUTABLE INCOME IS DETERMINED**

The income available for distribution or accumulation in relation to a Fund is determined in accordance with the FCA Rules. In general terms, the income comprises all the sums deemed by the Company, after consultation with the Auditors of the Company, to be income in nature and received or receivable by the Company and attributable to the Fund in respect of the accounting period concerned, after deducting charges and expenses paid or payable out of such income and after making such adjustments in relation to taxation and other matters.

Income to eligible Shareholders will be paid by Electronic transfer

In the case of the Accumulation Shares, the income available for allocation in respect of the relevant accounting period will be transferred from the income property of the relevant Fund to the capital property of the Fund on or before the last day of the relevant accounting period of the Fund. No distributions are made to Shareholders nor are additional Shares issued in lieu of distributions. The amount of income earned by a Fund since the end of the last annual accounting period (or the end of the last interim accounting period if more recent for the Fund) is reflected in the price of the Accumulation Shares. The price of Shares therefore remains unchanged at the ex-date. Shareholders will nonetheless be liable to United Kingdom taxation in the same manner, and to the same extent, as if the income accumulated for their benefit had instead been distributed to them. Where payments go astray there is no obligation to re-issue until investigated.

## **13. CHARACTERISTICS OF SHARES**

### **13.1. Classes of Shares**

At the date hereof, there is a single class of Shares in issue for each Fund. Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, a revised prospectus will be prepared, setting out the details of each Fund or Class.



## 13.2. Minimum Initial Investment

The minimum initial investment for Shares in each Fund is £25. The minimum amount required for any subsequent investment is £10.

## 13.3. Types of Shares

### 13.1.1. Income Shares

At the date hereof, Income Shares are available for the Income Fund and for the Income & Growth Fund. Holders of Income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

### 13.1.2. Accumulation Shares

At the date hereof, Accumulation Shares are available for the Growth Fund, the Income Fund and the Income & Growth Fund. Holders of Accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Share.

### 13.1.3. Bearer Shares

The Company will not issue bearer Shares.

### 13.1.4. Title to Shares

The title to Shares is evidenced by entries on the Register of Shareholders. Certificates for Shares will not be issued.

### 13.1.5. Prices of Shares

Shares in the Company are “single priced”. This means that subject to the preliminary charge, redemption charge and any applicable dilution adjustment, the price of a Share for both buying and selling purposes will be the same and determined by reference to a particular Valuation Point.

## 14. VOTING RIGHTS

The Company shall hold an Extraordinary General Meeting as is required. The Company does not hold Annual General Meetings. Certain changes to this Prospectus or the Instrument Of Incorporation require the prior approval of a meeting of Shareholders, in accordance with the FCA Rules. When such approval is not required by the FCA Rules, the ACD may make changes to the Prospectus or the Instrument Of Incorporation without the approval of Shareholders.

In certain circumstances, the FCA Rules require that a resolution be passed as an extraordinary resolution, which is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution. In other cases, a resolution may be passed by a simple majority of the votes validly cast for and against the resolution.

At any meeting of Shareholders a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before the declaration of the result of the show of hands) demanded by the Chairman, by the Depositary or by at least two Shareholders present in person or by proxy (or, in the case of a body corporate, by a duly authorised representative).

On a show of hands every Shareholder who (being an individual) is present in person or by proxy shall have one vote.

On a poll every Shareholder who is present in person or by proxy shall have one vote for every Share of which he is a holder.

The quorum at a meeting of Shareholders shall be two Shareholders present in person or by proxy (or, in the case of a body corporate, by a duly authorised representative), who were Shareholders on the date seven days before the date of the notice of the meeting (notice of which is to be served fourteen days, inclusive of the day on which the notice is deemed to be served, before the date of the meeting as stated in the notice), excluding from that total any Shares known to have redeemed before the time of the meeting.

A corporation being a Shareholder may authorise such person as it thinks fit to act as its representative at any meeting of Shareholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Shareholder.

The ACD shall be entitled to receive notice of, and attend, any such meeting but shall not be entitled to vote or be counted in the quorum, therefore and accordingly, the Shares held or deemed to be held by the ACD shall not be regarded as being in issue.

Any associate of the ACD shall not be entitled to vote at any such meeting except in respect of Shares which he holds on behalf of a person who, if himself the registered holder, would be entitled to vote, and from whom he has received voting instructions.

In the case of joint Shareholders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

The provisions regarding the conduct of meetings set out above shall apply to meetings of a Fund, but by reference to the Shares of the Fund concerned and the prices of Shares in such Fund.

Any notice or document to be served on Shareholders in relation to their meeting or voting rights, will be sent by post to the address on the register.

## 15. VALUATION

The property of each Fund is valued daily at 12 noon on each Business Day in order to determine the single price at which Shares may be purchased from, or redeemed by, the ACD and created or cancelled by the Company. On days where the London Stock Exchange is only open for half a day (usually the Business day before Christmas Day and New Year's Day), with the agreement of the Depositary, the ACD may decide to move the Valuation Point forward 2 hours to 10am, or any such other time as the ACD may agree with the Depositary. In such circumstances, the ACD will disclose this change for at least 4 weeks beforehand on their website ([www.equitytrustees.com](http://www.equitytrustees.com)).

The ACD reserves the right to revalue the property of a Fund at its discretion.

An outline of the basis on which the property of each Fund is valued is as follows:-

- Transferable securities and collective investment schemes are valued at their quoted price or if the investment is one for which different prices are quoted according to whether it is being bought or sold then it will be valued at its mid-market price (including, in the case of dual-priced collective investment schemes, certain adjustments to take account of relevant initial and redemption charges).
- Approved money market instruments, exchange traded derivative contracts that are not contingent liability transactions and other investments are valued at their mid-market price.
- Any fiscal charges or commissions or other charges that have been paid or are payable on the acquisition or disposal of the investments above are excluded from their value.
- Cash is valued at its nominal value.
- Any other property of the Fund will be valued at what, in the opinion of the ACD, represents a fair and reasonable mid-market price.

- Deductions are made for anticipated tax liabilities and for an estimated amount in respect of other liabilities payable out of a Fund.
- An amount is added in respect of estimated recoverable tax and any other amounts due to be paid into the Fund.
- Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Fund 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.

## **15.1. Fair Value Pricing Policy**

Where the ACD considers that no reliable price exists for a security at a Valuation Point or the most recent price available does not reflect the ACD's best estimate of the value of a security at the Valuation Point, the ACD may value an investment at a price that in its opinion reflects a fair and reasonable price for that investment (the fair value price). The circumstances which may prompt the ACD to apply fair value prices may include, but are not limited to, no recent transaction in the security concerned, the suspension of dealings in a collective investment scheme or the occurrence of a significant event since the most recent market closure or the Valuation Point at which one or more of the underlying funds or investments is valued.

The ACD may adjust values for individual securities, sectors, geographic areas or units in collective investment schemes. Adjustment for sectors, geographic areas or units in collective investment schemes will be based upon the percentage movement in a benchmark index or composite index or part thereof, one or more exchange traded funds or such other publicly available comparator which the ACD believes is correlated to part or the whole of each Fund's value. The ACD will determine the threshold at which any adjustment will be applied.

## **16. CHARGES**

### **16.1. Preliminary Charge**

The ACD is permitted to make a preliminary charge on the sale or issue of Shares to an investor. The current rate of this charge is 0%. The charge is calculated prior to the deduction of any Dilution Adjustment and is deducted from the investor's gross subscription before any Shares are purchased.

The preliminary charge does not form part of the property of the Company and no account is taken of the preliminary charge in calculating the NAV of the Company.

An investor who realises their Shares after a short period may not (even in the absence of a fall in the value of the property of the Company) realise the original amount invested. Therefore, the Shares should be viewed as a long term investment.

The ACD may not increase the preliminary charge unless it has given not less than 60 days' written notice to anyone who has made arrangements to purchase Shares from the ACD on a regular basis through a savings plan operated by the ACD and the ACD has revised this Prospectus to reflect the new charges.

### **16.2. Periodic Charges**

The ACD is permitted to make a periodic charge which shall be paid out of the property of each Fund consisting of a fixed fee of £10,000 per calendar year, payable monthly in arrears, plus a variable fee, currently charged at the annual rate of 0.75% of the value of the scheme property of the Fund at the end of the relevant month, payable monthly in arrears. This variable fee is applied to the value of the property of the Fund, multiplied by the number of days in the period covered by the charge and divided by 365 (or 366 in the case of a leap year).

The Periodic Charges in respect of each Fund will be charged by the ACD, in the first instance, to the income of the Fund. The Periodic Charges in respect of the Income Fund and the Income & Growth Fund will be transferred by the ACD to the capital of the Fund.

A deduction from the capital property of a Fund may constrain capital growth.

### 16.2.1. Changes to Periodic Charges

The ACD may not increase the current rate of periodic charge unless it has: (a) given not less than 60 days' notice of such increase to all Shareholders and investors entered in plan registers maintained by the ACD for any individual savings account or group savings plan in which Shares are held; and (b) revised this Prospectus to reflect the new charges.

## 17. DILUTION ADJUSTMENT

The actual cost of purchasing, selling or switching assets and investments in the Funds may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of that Fund's underlying investments. These costs could have an adverse effect on the value of a Fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds.

In particular, dilution adjustment may be applied in the following circumstances:

- where the net creations or cancellation of Shares exceeds 2.00% of the Net Asset Value (excluding any dilution adjustment), on a Dealing Day (The ACD reserves the right to review the dilution adjustment threshold without prior notification, for the purpose of ensuring that the threshold does not have the effect of materially prejudicing existing shareholders.);
- to reflect the expanding or contracting trend of a Fund; or
- at any other time the ACD considers that the non-application of the dilution adjustment will materially affect the interests of Shareholders.

The ACD reserves the right to make a dilution adjustment every day. The dilution adjustment is calculated using the estimated dealing costs of a Fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes. The price of each Class of Share in each Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically.

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

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

Should a dilution adjustment be required, the ACD estimates that the estimated rate of dilution will typically fall in the range from 0.01% to 1% when buying or selling Shares.

In the event that a dilution adjustment is made it will be applied to all transactions in a Fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

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

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

The dilution adjustment for any one Fund, may vary over time because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, and these can vary with market conditions.

It is not possible to accurately predict whether dilution adjustment will be applied in the future.

However, for illustrative purposes, if the ACD had been using the dilution adjustment single pricing model over the 12 month period to 30 June 2017, it is estimated that a dilution adjustment would not have been made on any Dealing Day for any Fund.

## 18. SWITCHING FEE

The ACD may charge a switching fee when Shares of a Fund are switched for Shares in another Fund (see “SWITCHING BETWEEN FUNDS”) not exceeding the prevailing percentage rate of the preliminary charge for the Shares in such other Fund.

## 19. REDEMPTION CHARGE

The ACD will not make a charge for redemptions and cancellations of Shares.

## 20. EXPENSES OF THE ACD

The Company will also pay to the ACD out of the scheme property any expenses incurred by the ACD or its delegates of the kinds described below under “Other payments out of the property of the Company”, including legal and professional expenses of the ACD and its delegates in relation to the proper performance of the ACD’s duties under the ACD Agreement, or related to documents amending the ACD Agreement, all expenses incurred in preparing valuations of scheme property and publishing prices of Shares, all postage and communication costs incurred in the proper performance of duties under the ACD Agreement, and all expenses incurred in producing and distributing any Prospectus, including the Key Investor Information Document (KIID) and expenses of the ACD in buying or selling Shares (but excluding any commissions or similar payments as the Company is prohibited from making any such payments under the FCA Rules).

## 21. FEES OF THE REGISTRAR

The Registrar is entitled to receive out of the scheme property fees for its services as Registrar both in respect of the Register and any sub registers.

Fees for the services of establishing and maintaining the Register and any plan registers, and any associated expenses, will always be payable by the Company, whether those services are provided by the Registrar, its associates or any other person.

The Registrar's fee will be calculated as follows:

The Registrar is entitled to receive out of the Scheme Property by way of remuneration a periodic charge, which will be accrued daily and paid monthly as soon as practicable after the end of each month. The rate of the Registrars periodic charge in respect of each Fund will be such rate or rates as agreed from time to time between the ACD and the Registrar.

The current rate of the Registrars periodic charge (expressed as a percentage per annum of the Net Asset Value of each Fund and subject to a minimum charge) is set out below.

Periodic Charge	Minimum Charge
A maximum of 0.05%	£5,000.00 per annum per fund where a fund operates with two Share Classes or less. Where additional share classes are in operation, the

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Minimum Charge will be increased by £1,000.00 per annum for each additional Share Class in operation.

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Fees for the services of establishing and maintaining the Register and any plan registers, and any associated expenses, will always be payable by the Company, whether those services are provided by the Registrar, its associates or any other person.

The Registrar will additionally seek to recover all reasonable disbursement costs incurred as a result of the proper execution of its duties. These costs would include, but would not be restricted to, postage, printing, telephone, fax and stationery.

The Company will not necessarily avail itself of all the services the Registrar can offer.

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

Fees will be taken monthly in arrears though they will be accrued on a daily basis.

## **22. FEES FOR THE FUND ADMINISTRATION**

The ACD is entitled to receive out of the scheme property fees for its Fund Administration services quarterly in advance at the annual percentage rate of up to 0.25% of the value of the scheme property, subject to a minimum fee of £15,000 per annum per Fund to be taken monthly in arrears, though they will be accrued on a daily basis.

The ACD will pay the Fund Accountants out of this administration fee.

The Depositary is entitled to receive for its own account from each Fund a periodic fee which accrues and is payable out of the property of the Fund monthly in arrears at an annual percentage rate between 0.01 - 0.015% of the value of the scheme property of the Fund. This is applied to the value of the property of the Fund, multiplied by the number of days in the period covered by the charge and divided by 365 (or 366 in the case of a leap year).

This is subject to a minimum annual payment of £17,500 per Fund.

The amount or rate of any of the Depositary's fees and charges including those referred to above shall (unless otherwise stated) be determined by reference to the scale or tariff or such other basis from time to time agreed between the ACD and the Depositary, in accordance with the FCA Rules, and notified to the ACD by the Depositary. The current rate of such periodic fee must not be increased unless the ACD has: (a) given not less than 60 days' notice of such increase to all Shareholders and investors entered in plan registers maintained by the ACD for any individual savings account or group savings plan in which Shares are held; and (b) revised this Prospectus to reflect the new charges. The ACD will not delay the required notification and prospectus updates without cause.

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

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

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



## 23. THE PAYMENTS OUT OF THE PROPERTY OF THE COMPANY

In accordance with the Regulations, the following payments may lawfully be made out of the property of the Company:-

- (a) The costs of establishing and authorising new sub-funds to the Company. This cost will not be met by any existing sub-funds, but by the new sub-fund.
- (b) Broker's commission, fiscal charges and other disbursements which it is necessary to incur in effecting transactions for the Funds concerned and which are normally shown in contract notes, confirmation notes and difference accounts, as appropriate.
- (c) Interest on borrowings permitted under the FCA Rules and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- (d) Taxation and duties payable in respect of the property of the Funds or in respect of the issue of Shares, including stamp duties or other taxes or duties in relation to the transfer to the Company of assets acquired in exchange for the issue of Shares.
- (e) Any costs incurred in modifying the Instrument Of Incorporation, including costs incurred in respect of meetings of Shareholders convened for purposes which include the modification of the Instrument Of Incorporation where the modification is necessary to implement changes in the law, or necessary as a direct consequence of any change in the law, or expedient having regard to any change in the law made by, or under, any fiscal enactment and which the ACD and the Depositary agree is in the interests of Shareholders, or to remove obsolete provisions from the Instrument Of Incorporation.
- (f) Any costs incurred in respect of meetings of Shareholders or meetings of Shareholders in a Fund, including meetings convened on a requisition by Shareholders or by the ACD.
- (g) The audit fee of the Auditors of the Company and any proper expenses of such an Auditor.
- (h) The periodical fees of the FCA in respect of the Company as may be prescribed under the Financial Services and Markets Act 2000 (as amended), or any relevant Regulations made thereunder and any payments otherwise due by virtue of the FCA Rules or the corresponding fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
- (i) The Registrar's fees.
- (j) Any costs incurred by the Company in publishing the prices of Shares, including the costs of listing the prices of Shares in publications and information services selected by the ACD.
- (k) Any expenses incurred in relation to company secretarial duties, including all costs incurred in preparing accounts and producing and despatching annual, half yearly and other reports of the Company.
- (l) Any costs incurred in producing and despatching dividends or other payments of the Company.
- (m) Any fees, expenses or disbursements of any investment, legal or other professional adviser of the Company and those of the Company's sub-advisers.
- (n) Any costs incurred in taking out and maintaining an insurance policy in respect of the ACD and the Company.
- (o) All fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation and printing of any Prospectus, including the Key Investor Information Document (KIID)) and the creation, conversion and cancellation of Shares.
- (p) Any value added or similar tax relating to any charge or expense set out above.

## 24. ALLOCATION OF ASSETS, CHARGES AND EXPENSES TO FUNDS

All fees, duties, charges and expenses (other than any borne by the ACD) are charged to the Fund in respect of which they were incurred. However, where they are not attributable to a particular Fund, they will be allocated among the Funds in a manner which the ACD considers is fair to the Shareholders generally. Investors should be aware that fees, duties, charges and expenses which are charged to each Fund may be treated as a capital expense and this may result in capital erosion or constrain capital growth of the Shares of the Fund concerned. All fees, duties, charges and expenses of each Fund are charged initially against the income account of the Fund. For the Income Fund and the Income & Growth Fund all fees, duties, charges and expenses will thereafter be transferred to and made against the capital account of the Fund. For the Growth Fund any fees, duties, charges and expenses in excess of the income account of the Fund will be transferred to and charged against the capital account of the Fund, in other words, if at the end of the annual accounting period there is a negative balance, capital will be transferred to cover and bring the income account to zero.

## 25. TOTAL EXPENSE RATIO / ONGOING CHARGES FIGURE CAP

The ACD and its delegates intend to waive certain of their charges and fees that would otherwise be chargeable quarterly to each Fund, with the aim of capping the maximum Total Expense Ratio (“TER”) / Ongoing Charges Figure (“OCF”) of each Fund at the following levels:

Fund	Target Annual TER/OCF
Income Fund	2.0%
Income & Growth Fund	2.5%
Growth Fund	3.0%

At the end of each quarterly fee period (31st March, 30th June, 30th September and 31st December), the ACD will review the TER/OCF in that quarter of each Fund, and the ACD and/or its delegates will waive part or all of their charges and/or fees to the extent that they would result in that quarter’s TER/OCF exceeding one quarter of the applicable Target Annual TER/OCF listed above. The charges that may be waived are the Periodic Charges, the Fees of the Registrar and the Fees of the Administrator. The following charges and fees are not subject to waiver: the Preliminary Charge, the Switching Fee, any Redemption Charge and the Dilution Adjustment. In its absolute discretion, the ACD may also pay or reimburse the payment of other charges, fees or expenses of a Fund to the extent necessary to cause the Fund to achieve its Target Annual TER/OCF. The amounts of any charges or fees waived in one quarter will not be re-charged in any subsequent quarter.

For these purposes:

1. TER/OCF will be calculated in accordance with the FCA Rules, save that the expenses used in its calculation will not include any expenses that the ACD, acting in its sole discretion, considers to be unusual or extraordinary. Expenses that the ACD is likely to consider unusual or extraordinary include, by way of example and without limitation, those incurred in connection with the initial establishment of the Company, the establishment of a new Fund, the termination of a Fund, the winding-up of the Company or any legal proceedings brought by or against the Company.
2. TER/OCF will not be calculated to include any “synthetic TER/OCF”, as that term is used in the FCA Rules. (Calculation of synthetic TER/OCF would require the inclusion of all costs borne by a Fund through its holdings in certain underlying collective investment schemes, plus the subscription and redemption fees of such underlying collective investment schemes.)



## **26. BUYING AND SELLING OF SHARES**

Requests for the purchase or redemption of Shares are dealt with by the issue or cancellation of such Shares by the Company.

Shares in any of the Funds may be bought or sold on any Dealing Day. Applications to buy, sell or switch Shares may be made by post or electronic means where available. Previous dealt prices will be available. Currently, transfers of title to Shares may not be effected on the authority of an electronic communication to the ACD.

Orders received and accepted by the ACD by 12 noon (the "Valuation Point") on a Dealing Day will be dealt with at the price calculated on that day. Orders received and accepted after that time will be dealt at the price calculated on the next Dealing Day. The ACD may not accept an order unless the funds required to settle the order are available to the ACD at the time the order is received.

A contract note giving details of the transaction will be issued by the Business Day following the purchase or sale. In the case of a purchase of Shares, settlement will occur on the settlement date agreed between the ACD and the purchaser, but never exceeding four Business days. In the case of a sale, the ACD will issue settlement within four working days of the next Valuation Point after the receipt of a valid request to sell the Shares. Any request for the sale of Shares or form of renunciation must be signed by each of the holders of the relevant Shares.

### **26.1. Minimum Value of Holdings**

The minimum initial investment for Shares in each Fund is set out above in the section "Characteristics of Shares" on page 17. The minimum amount required for any subsequent investment is £10.

In the case of a partial sale, the minimum value of Shares in a Fund that may be sold in a single redemption notice is £10 and the minimum value of Shares which may be held in Shares in each Fund is £25. Such values will be based on the last price calculated at the Valuation Point immediately before instructions were received. In the event that a Shareholder's holding of Shares is below the minimum value of holding of Shares required, the ACD may at its discretion redeem the remaining Shares in that Fund held by the Shareholder or, where appropriate, offer the Shareholder the opportunity to switch to Shares of a different Fund. Redemption of holdings of Shares below the minimum value of holdings will occur at least once every six months and at the ACD's discretion may occur more frequently if the ACD believes it to be in the best interests of the Company and investors.

### **26.2. Suspension of Dealing**

The ACD may, with the prior agreement of the Depositary, or will, if the Depositary so requires at any time, temporarily suspend redemption of Shares in any of the Funds, if the ACD, or the Depositary, is of the opinion that, due to exceptional circumstances, there is good and sufficient reason to do so having regard to the interests of the Shareholders in the Fund concerned. If the redemption of Shares in a Fund is suspended, the obligations contained in Chapter 6 of the FCA Rules relating to the creation, cancellation, issue and redemption of Shares will cease to apply and the obligations relating to the valuation of Shares will be complied with only to the extent practicable in light of the suspension.

Appropriate notification of the suspension will be given to Shareholders as soon as practicable after a suspension commences. The ACD and the Depositary will review the suspension at least every 28 days and will inform the FCA of the results. The suspension will continue only for as long as it is justified having regard to the interests of the Shareholders.

During any suspension, a Shareholder may withdraw his redemption notice provided that such withdrawal is in writing and is received before determination of the suspension. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

The first Valuation Point after the end of any such suspension period will be 12 noon on the Dealing Day next following the end of the suspension.

### **26.3. Pricing**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after receipt of a request for a purchase or sale.

The price of a Share in a Fund shall be calculated by taking the proportion of the net asset value of all Shares of that Fund (by reference to the most recent valuation of the scheme property) and dividing it by the number of Shares of the relevant Fund in issue immediately before the relevant Valuation Point. The price will be expressed in pounds sterling and will be expressed to four significant figures.

### **26.4. Publication of Prices**

Prices for each individual Fund are available daily via the ACD's website, [www.equitytrustees.com](http://www.equitytrustees.com)

### **26.5. In Specie Redemption**

If a Shareholder requests the redemption or cancellation of Shares, the ACD may at its sole discretion, if it considers the deal substantial in relation to the total size of the Fund concerned, arrange for the Company to cancel the Shares and transfer property of the relevant Fund to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant scheme property to the Shareholder. A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial, although the ACD may at its discretion agree an in specie redemption with a Shareholder whose selling Shares represent less than 5% in value of the Fund concerned.

Before the proceeds of cancellation of the Shares become payable, the ACD will give written notice to the Shareholder that relevant scheme property (or the proceeds of sale of that relevant scheme property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders. Any such redemption as set out above may be subject to a retention by the Company from that property (or proceeds), for the value (or amount) of any Stamp Duty Reserve Tax to be paid on the cancellation of Shares and any relevant transaction costs.

### **26.6. In Specie Creation**

If a Shareholder requests an in specie creation, the ACD may at its sole discretion, if it considers the deal significant in relation to the total size of the Fund concerned, arrange for the Fund to create Shares and transfer the property of the Shareholder to the Fund in exchange for Shares in the Fund. A deal involving Shares representing 20% or more in value of the Fund will normally be considered significant, although the ACD may at its discretion agree an in specie creation with a Shareholder whose buying Shares represent less than 20% in value of the Fund concerned.

The ACD will agree the property to be transferred in consultation with the Depositary. They must ensure that the agreed receiving property is made with a view to attributing no greater advantage or disadvantage to the purchasing Shareholder than to continuing Shareholders and that the incoming property conforms with the Fund objective and does not breach any investment and borrowing power rules.

### **26.7. Compulsory Redemption**

If the ACD reasonably believes that any Shares are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other Shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) it may give notice to the holder of such Shares requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the Shares by the Company. If the holder does not either transfer the Shares to a qualified person or establish to the ACD's satisfaction that he or she and any person on whose

behalf he or she holds the Shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

## 27. SWITCHING BETWEEN FUNDS

A Shareholder may give notice to the ACD, in such form as the ACD shall from time to time determine, that he wishes to exchange all or some of his Shares in one Fund (the Original Shares) for Shares of another Fund (the New Shares). Such switches can only take place if the Shareholder is eligible to hold the New Shares and if, following the switch, the Shareholder's holding of New Shares will satisfy the applicable minimum investment requirement of that Fund and the Shareholder's holding of Original Shares will satisfy the applicable minimum value requirement of that Fund.

The ACD may impose restrictions on exchanges, but any restriction related to exchanges of Shares of different Funds must be on reasonable grounds relating to the circumstances of the Shareholder concerned.

The number of New Shares to be issued to the holder on a switch will be determined by the following formula:-

$$N = O \times CP \times (1 - IC)$$

SP

Where :	N	is the number of New Shares to be issued or sold
	O	is the number of Original Shares which the holder has requested to exchange
	CP	is the price at which a single Original Share may be redeemed
	IC	is the charge (Switching Fee) expressed as a fraction of the value of the Original Shares that the ACD may levy on a switch between Funds. In no event will that charge exceed the amount of the preliminary charge that applies to the New Shares. This charge may be waived in whole or in part at the discretion of the ACD.
	SP	is the price at which a single New Share may be purchased when the Shares are exchanged

An exchange of Shares in one Fund for Shares in another Fund will be treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains tax.

In no circumstances will a Shareholder who exchanges Shares in one Fund for Shares in another Fund be given a right by law to withdraw from, or cancel, the transaction. Shares cannot be converted during a period when dealings in Shares of the relevant Fund or Funds are suspended by the Company pursuant to the Regulations and the right of a Shareholder to convert during a period of suspension is similarly suspended.

Where an exchange of Shares would, if effected in accordance with the terms of any exchange notice, result in a Shareholder holding Original Shares of less than the applicable minimum value requirement of that Fund, then the ACD may (at its discretion) decide either to: (i) treat the Shareholder in question as having served an exchange notice in respect of their entire holding of Original Shares or (ii) refuse to give effect to the exchange notice in question.

## 28. GENERAL INFORMATION

### 28.1. Reports and Accounts

The annual accounting period of the Company ends on 31 December.

The Annual Report of the Company (the "long report") will be published on or before the end of April and the half-yearly long report on or before the end of August in each year. Copies of the annual long report

and half-yearly long report may be inspected at, and copies obtained free of charge from the ACD at its operating address.

## **28.2. Availability of Documents**

Copies of the latest version of the Prospectus and any Key Investor Information Document (KIID), the Instrument Of Incorporation of the Company, any amending instrument and the most recent annual and half-yearly long reports may be inspected and obtained free of charge during normal office hours from the ACD at:-

### **Equity Trustees Fund Services Ltd**

4th Floor  
Pountney Hill House  
6 Laurence Pountney Hill  
London  
EC4R 0BL

## **28.3. Register of Shareholders**

The Register of Shareholders for each of the Funds of the Company can be inspected during normal office hours at the Registrar's address, being:

### **FNZ Transfer Agency Services**

Level 7  
2 Redman Place  
Stratford  
E20 1JQ

Any notice or document required to be sent to a Shareholder will be forwarded by post to the address held on the Share register.

## **28.4. Genuine Diversity of Ownership**

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors who should seek independent financial advice before investing in a Fund.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended investors.

# **29. UNITED KINGDOM TAXATION**

The taxation of income and capital gains of both the Company and Shareholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice and applies only to persons holding Shares as an investment. It is not a guarantee to any investor of the tax results of investing in the Company, and prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change.

Prospective investors should consult their own professional advisers as to the tax implications of making an investment in, holding, exchanging or disposing of Shares and the receipt of distributions with respect to such Shares under the laws of the jurisdictions in which they may be liable to taxation.

## **29.1. The Funds**

As the Funds are sub-funds of an open-ended investment company, to which the Authorised Investment Funds (Tax) Regulations 2006 apply, each Fund will be treated for the purposes of UK taxation as a separate open-ended investment company and will not be subject to UK taxation on capital gains arising on the disposal of investments held by it.

Subject to certain exclusions and anti-avoidance rules, a Fund will not be subject to tax on dividends and similar distributions received from other companies (including distributions received from non-UK companies). Dividend distributions from other open-ended investment companies or from authorised unit trusts are treated in accordance with the rules for Shareholders within the charge to corporation tax

described below. The Funds will each be subject to corporation tax at 20% on other types of income after deducting allowable expenses. Where a Fund suffers foreign tax on income received, this may normally be deducted from the UK tax due on that income.

Regulations adopted in 2009 allow open-ended investment companies such as the Company to elect to become "Tax Elected Funds" ("TEF"), subject to certain exclusions with effect from 1 September 2009. The effect of such an election would mean that a Fund would not pay tax on its investment income and the point of taxation on such income will shift to the Shareholders in the Fund. The ACD reserves the right to elect as a "TEF" in respect of any Fund.

## **29.2. UK Shareholders**

### **29.2.1. Income Tax**

On the specified allocation dates each Shareholder will become entitled to an allocation of accumulated income, but no distributions of allocated income will be made in respect of Accumulation Shares. For the purposes of UK taxation, income that is accumulated is treated as if it had been distributed to the Shareholders holding the relevant Accumulation Shares. The accumulation is treated as dividend income for UK tax purposes.

A tax voucher will be distributed annually to each Shareholder which will show the amount of income to which they are entitled, the nature of the accumulations and related tax credits. Notes printed on the tax voucher indicate how the amount should be reflected in the Shareholder's tax return.

### **29.2.2. Dividends**

From April 2018 UK dividends are subject to a £2,000 tax free dividend allowance for all taxpayers. For dividend income in excess of this allowance, the applicable tax rate for basic rate taxpayers is 7.5%, the rate for higher rate taxpayers is 32.5% and the rate for additional taxpayers is 38.1%.

## **29.3. Corporation Tax**

### **29.3.1. Dividends**

Dividend accumulations made on behalf of Shareholders within the charge to UK corporation tax are not subject to UK withholding tax. Such accumulations may be split into two parts, namely a franked and an unfranked part. In general terms, the franked part will correspond to that part of the accumulation as derives from franked investment income and the unfranked part will correspond to that part of the accumulation as derives from other income. In the hands of a UK corporate Shareholder the franked part will be treated as a distribution from a UK company and the Shareholder will, as a consequence, have no additional tax to pay in respect of it. The unfranked part will be treated as an annual payment treated as paid after deduction of tax at the lower rate (currently 20%) and corporate Shareholders may accordingly have additional tax to pay in respect of that part of the accumulation, subject to credit for the tax deemed deducted. The percentages to be used to calculate the allocation between franked investment income and unfranked income received will be set out on the tax voucher.

The corporate streaming rules also limit the maximum amount of income tax that may be reclaimed from HM Revenue & Customs on the unfranked stream. The maximum amount reclaimable by a corporate Shareholder is the corporate Shareholder's portion of the Fund's net liability to corporation tax in respect of gross income. The tax voucher will state the Fund's net liability to corporation tax in respect of the gross income.

## **29.4. Non-Taxpayers**

### **29.4.1. Charities**

Charities are no longer able to reclaim a portion of the tax credit in respect of accumulations made.

#### 29.4.2. ISAs/JISAs

The tax credit on dividend accumulations is no longer repayable to ISA/JISA holders.

#### 29.4.3. Individuals

Individual non-taxpayers cannot reclaim the tax credit on dividend accumulations.

#### 29.4.4. Pension Funds

Pension funds cannot reclaim the tax credit on dividend accumulations.

#### 29.4.5. Non-UK Resident Shareholders

Shareholders who are not resident in the UK will generally not be entitled to a repayment of any part of any tax credit on the dividend accumulation, although it will normally satisfy their UK tax liability on that income. Shareholders may be subject to taxation in their country of residence.

### 29.5. Capital Gains Tax

Payments from the Company to a Shareholder on the redemption of Shares will not be subject to UK withholding tax on capital gains.

For holders of Shares in a Fund who are resident or ordinarily resident in the UK, the disposal of Shares in a Fund or the exchange of Shares in one Fund for Shares in another Fund may give rise to a liability to capital gains tax in respect of gains arising from the disposal or exchange.

Individuals are only liable to capital gains tax if their total chargeable gains in the year, taking into account any available reliefs, exceed their annual exemption (£2,000 for the tax year 2019-2020). If gains in excess of this exemption are realised the excess is taxable at the 18% for basic rate income taxpayers or 28% where the individual's total taxable income and gains exceed the upper limit of the income tax basic rate band (£37,500 for tax year 2019-2020).

Shareholders within the charge to UK corporation tax are chargeable to corporation tax on all such gains and net capital gains will normally be added to the profits charged to corporation tax. Indexation relief may be available to reduce any gain (but not losses) thereby compensating for the increase in value due to inflation.

### 29.6. Income Equalisation

The ACD adopted income equalisation in relation to the Company which applies to Shares in the following Funds and came into effect from 1 January 2016.

- Income Fund
- Growth & Income Fund
- Growth Fund

Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during an accounting period. This sum is known as income equalisation. As it is a return of capital, the equalisation amount is not taxable in the hands of the Shareholders. On a disposal of Shares, the amount of equalisation should be deducted for the purposes of calculating capital gains tax.

The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.



## **30. WINDING-UP AND TERMINATION**

### **30.1. Termination of a Fund**

A Fund may be terminated:-

- (i) if an extraordinary resolution of the Shareholders of such Fund is passed to that effect; or
- (ii) on the date of effect stated in any agreement by the FCA to a request by the ACD for the termination of such Fund; or

Termination of a Fund commences upon the later of the time for termination of a Fund determined in accordance with the above circumstances and the time at which the FCA, having been supplied with a statement confirming the solvency of the Fund, approves, pursuant to the OEIC Regulations, the necessary changes to the Instrument Of Incorporation and this Prospectus which would result from the termination of the Fund.

On the termination of a Fund (other than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the Fund falls to be terminated to realise the property of the Fund and pay the liabilities of the Fund out of the proceeds.

Provided that there are sufficient liquid funds in the Fund property available after making adequate provision for the expenses of the termination and the discharge of the liabilities remaining to be discharged, the ACD may arrange for the Depositary to make one or more interim distributions out of the property of the Fund to the Shareholders proportionately to the right to participate in the Fund property attached to their respective Shares as at the date of the commencement of the termination.

When the ACD has caused all the Fund property to be realised and all of the liabilities known to the ACD to be met, the ACD shall arrange for the Depositary to make a final distribution, on or prior to the date on which the termination account is sent to Shareholders, of the balance remaining (net of a provision for any further expenses of the termination) to the Shareholders in the proportions stated above.

If the Fund is to be terminated in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to terminate the Fund in accordance with the resolution of holders approving such a scheme.

Where the Company and one or more Shareholders (other than the ACD) agree, the requirement to realise the property of the Fund shall not apply to that part of the property which is proportionate to the right of that or those Shareholders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears appropriate to the ACD for ensuring that that or those Shareholders bear a proportionate Share of the liabilities and expenses.

Where any sum of money (including unclaimed distributions) still stands to the account of the property of the Fund, the ACD shall instruct the Depositary to retain such sum in an account separate from any other part of the property of the Company in accordance with the FCA Rules. On a winding-up of the Company, the Depositary shall cease to hold those amounts as part of that account and they shall be paid by the Depositary into court in accordance with the OEIC Regulations.

### **30.2. Winding-Up of the Company**

The Company is to be wound-up:-

- (i) if an extraordinary resolution of holders is passed to wind-up the Company; or
- (ii) on the date of effect 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, albeit that such agreement is subject to there being no material change in any relevant factor prior to the date of the revocation.

The Company may only be wound-up under the FCA Rules if the Company is solvent and there is no vacancy in the position of the ACD. If the Company is insolvent, or there is such a vacancy, the Company may only be wound-up under Part V of the Insolvency Act 1986 as an unregistered company. Liabilities

of the Company attributable to a particular Fund shall be met first out of the Property attributable or allocated to such a Fund.

On a winding-up (other than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the time the Company falls to be wound-up, to realise the property of the Company and pay the liabilities of the Company out of the proceeds.

After making adequate provision for the expenses of the winding-up and the discharge of the liabilities of the Company remaining to be discharged, the ACD may arrange for the Depositary to make one or more interim distributions, and then a final distribution of the proceeds of the realisation of the property attributable or allocated to each Fund to the holders in each Fund, proportionately to the right to participate in the scheme property attached to their respective Shares.

If the Company is to be wound-up in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to wind-up the Company in accordance with a resolution of holders approving such scheme.

Where the Company and one or more Shareholders (other than the ACD) agree, the requirement to realise the property of the Company shall not apply to that part of the property which is proportionate to the right of that or those Shareholders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears to the ACD appropriate for ensuring that that or those Shareholders bear a proportionate share of the liabilities and expenses.

If any sum of money is unclaimed or stands to the account of the Company at the date of its dissolution, the ACD shall arrange for the Depositary to pay such sum into court within one month after that date in accordance with the OEIC Regulations.

## **31. ADDITIONAL INFORMATION**

### **31.1. Risks**

#### **31.1.1. General Risks**

Investors should be aware that there are risks inherent in the holding of securities and other investments and in particular should be aware of the following:-

1. There can be no assurance that any Fund will achieve its investment objective.
2. The past performance of any Fund is not a reliable indicator of future results. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
3. The levels of income generated by any Fund will fluctuate and are not guaranteed.
4. The tax treatment of any Fund may change and such changes cannot be foreseen. The tax treatment of a Shareholder a Fund depends on the individual circumstances of that Shareholder and may be subject to change in future.
5. Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
6. The Funds are intended to be medium to long-term investments. In the short-term, any preliminary charge can have a higher impact on the overall value of investments in the Funds. Details of this charge can be found in the section entitled 'PRELIMINARY CHARGE' on page 21.
7. In certain circumstances, investors' right to sell or redeem Shares may be temporarily suspended, as per the section entitled 'SUSPENSION OF DEALING' on page 29.
8. Investments may be subject to liquidity constraints which means that Securities and other instruments (including derivatives) may trade infrequently and in small



volumes. Normally liquid securities may also be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable and in certain cases, it may be difficult to deal in a security at the last market price quoted or at a value considered to be fair.

9. Emerging market countries are more likely to experience political and economic uncertainty and their securities markets and legal systems may not have the same protections as those in more developed countries. Securities markets in these countries are generally not as large as those in more developed economies and have substantially less dealing volume, potentially resulting in a lack of liquidity and higher price volatility. Where a Sub-fund invests substantially in securities listed or traded in emerging markets, the volatility of the net asset value of the Sub-fund may be more volatile than a fund that invests in the securities of companies in developed countries.

Substantial limitations may exist in certain countries with respect to a Sub-fund's ability to repatriate investment income, capital or the proceeds of sale of securities by foreign investors. The Sub-fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by restrictions on investment that may apply from time to time.

10. Investors may be subject to a Dilution Adjustment charge when redeeming Shares subject to the details set out in the section entitled 'DILUTION ADJUSTMENT' on page 22.
11. Where charges are not paid out of Income this will result in erosion of capital.
12. The level of income generated by the Fund is not guaranteed. Where income earned is insufficient to cover charges and expenses, the balance will be charged to capital, which may constrain capital growth.

#### 31.1.2. Specific Risks

- (a) Risks associated with leaving the European Union

On 31 January 2020, the UK left the European Union, a process known as Brexit, whilst the transition period part of it ended on 31 December 2020. The political, economic and legal consequences of Brexit are still not completely defined. In the short term, from 2021 there may be increased volatility in the financial markets, particularly in the UK and across Europe. Changes in currency exchange rates may make it more expensive dealing in investments that are not denominated in pound Sterling. After the end of the transition period, and the conclusion of the negotiations between the UK and the EU regarding Brexit terms, there might be a period of political, regulatory and commercial uncertainty whilst the UK implements the terms of its new regime. There might be circumstances in which share transfers and redemptions may be impacted, in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA, including deferred redemptions, the implementation of fair value pricing or suspension of the Fund

- (b) Income Fund

The ACD views the Income Fund as being most suited to an investor seeking an investment which is likely to be held by the investor for at least 5 years.

- (c) Growth & Income Fund

Because the Growth & Income Fund has the ability to invest in overseas securities and/or in collective investment schemes investing in overseas securities, its performance may be adversely affected if Sterling strengthens against other currencies.

The ACD views the Growth & Income Fund as being most suited to an investor seeking an investment which is likely to be held by the investor for at least 5 years.

(d) Growth Fund

Because the Growth Fund has the ability to invest in overseas securities and/or in collective investment schemes investing in overseas securities, its performance may be adversely affected if Sterling strengthens against other currencies.

The Growth Fund may invest in the securities of issuers based in emerging markets and/or collective investment schemes investing in such securities. The volatility levels of such securities and/or collective investment schemes may be relatively high.

The ACD views the Growth Fund as being most suited to an investor seeking an investment which is likely to be held by the investor for at least 5 years.

## 32. COMPLAINTS

Any complaint regarding the management of a Fund or the Company should, in the first instance, be addressed to the ACD and sent to FNZ Transfer Agency Services, ETFS, PO Box 12892, Dunmow, CM6 9DL or [investorqueries@fnztservices.com](mailto:investorqueries@fnztservices.com). A copy of the ACD's complaints handling policy is available upon request.

A Shareholder may also have the right to complain directly to the Financial Ombudsman Service of Exchange Tower, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

## 33. MONEY LAUNDERING PROCEDURES

In order to comply with UK anti-money laundering legislation, all investors in the Company will be subject to full anti-money laundering procedures prior to account opening. All customers will be required to provide suitable identification with their application form. If proof of identity is required, neither the ACD nor the Company can issue or sell Shares, remit cancellation or redemption proceeds or switch Shares until appropriate proof has been received. More details are available on request.

## 34. FINANCIAL SERVICES COMPENSATION SCHEME

Rights to compensation for Shareholders in the Company are those outlined in the Compensation Sourcebook issued by the FCA as part of its Handbook of rules and guidance. A statement of the rights to compensation for Shareholders is available from the ACD upon request. Alternatively, you can visit the scheme's website at [www.fscs.org.uk](http://www.fscs.org.uk) or by writing to the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

## 35. CONFLICTS OF INTEREST

- (i) The FCA Rules contain provisions on conflict of interest governing any transaction concerning the Company which is carried out by or with any "affected person", which means the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary, an associate of the Depositary, any investment adviser or investment manager, any associate of any investment adviser or investment manager and the Auditor.
- (ii) These provisions, among other things, enable an affected person (a) to deal in property to, or with, the Company (or the Depositary for the account of the Company); (b) vest property (other

than cash) in the Company or the Depositary for the Account of the Company against the issue of Shares in the Company; or (c) acquire property from the Company (or the Depositary acting for the account of the Company), provided that any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in the FCA Rules. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

- (iii) These provisions also enable an affected person to enter into a stocklending transaction with or in relation to the Company, provided the transaction is at least as favourable to the Company as any comparable arrangement on normal commercial terms negotiated at arm's length between the affected person and an independent party. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

## 36. REMUNERATION POLICY

The ACD has put in place a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19 E of the FCA. The Remuneration Policy is designed to ensure that the ACD's remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the Funds. The ACD considers the Remuneration Policy to be appropriate to the size, internal operations, nature scale and complexity of the Funds and in line with the risk profile, risk appetite and the strategy of the Funds.

The matters covered by the Remuneration Policy include:

- An assessment of the individual member of staff's performance;
- restrictions on the awarding of guaranteed variable remuneration;
- the balance between fixed and variable remuneration;
- any payment of remuneration in the form of units or shares in the Funds;
- any mandatory deferral periods for the payment of some or all of the variable remuneration component; and
- the reduction or cancellation of remuneration in the case of under-performance.

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff, which includes senior management, risk takers, staff engaged in control functions where the person's professional activities have a material impact on the risk profiles of the ACD or the Company.

In respect of any investment management delegates, the ACD requires that:

- (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the European Securities and Market's (ESMA's) Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD / Article 14 of the UCITS Directive; or
- (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines or the FCA Handbook.

The Remuneration Policy, which gives a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, is available from the ACD's website: [www.equitytrustees.com](http://www.equitytrustees.com) or a paper copy is available upon request free of charge.

## 37. FURTHER INFORMATION

Shareholders are entitled to information supplementary to this Prospectus relating to:

- (i) the quantitative limits applying to the risk management of the scheme;
- (ii) the methods used in relation to (i) above; and
- (iii) any recent development of the risk and yields of the main categories of investment.
- (iv) copies of contracts of service between the ICVC and its directors, including the ACD.

Shareholders may obtain this information on request by writing to the ACD at its head office.

# APPENDIX 1 – INVESTMENT LIMITS, BORROWING POWERS & EFFICIENT PORTFOLIO MANAGEMENT

## Investment Restrictions

The property of each Fund will be invested with the aim of achieving the investment objective and policy of that Fund but subject to the limits on investment applicable to a UCITS scheme as set out in the FCA Rules. These limits apply to each Fund as summarised below:

### General

- A. The scheme property of the Funds must, except where otherwise provided in section 5.2 of the FCA Rules, consist only of any or all of:
- (i) transferable securities that fall within paragraph (M) but do not fall within paragraph (P);
  - (ii) approved money market instruments within paragraph (I) or (J) below;
  - (iii) units in collective investment schemes within paragraph (F) below;
  - (iv) derivatives and forward transactions within paragraph (K) below; and
  - (v) deposits within paragraph (P) below.

The Funds will not invest in immovable or movable property.

- B. Each Fund will only hold transferable securities and approved money market instruments that are:
- (i) admitted to or dealt in on an eligible market which falls within paragraph (C)(i)(a) or (c) below;
  - (ii) dealt in on an eligible market which falls within paragraph (C)(i)(b) below;
  - (iii) any other approved money market instruments not admitted to or dealt in on an eligible market within paragraph (I) below; or
  - (iv) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue

However, each Fund may invest no more than 10% of the scheme property in transferable securities and approved money market instruments other than those referred to in paragraph (B)(i) to (iv) above.

Rule 5.2.11R (Spread: general) and Rule 5.2.12R of the FCA Rules (Spread: government and public securities) shall not apply until the expiry of a period of six months after the date on which the initial offer for sale of Shares in a Fund commenced, provided that Rule 5.2.3R(1) (Prudent spread of risk) is complied with during such period.

At times it is appropriate not to be fully invested. Any Fund may hold cash or near cash (as defined for the purposes of the FCA Rules) to the extent this may reasonably be regarded as necessary:

- (i) to enable the pursuit of the Fund's investment objectives;
- (ii) to enable Shares to be redeemed;
- (iii) for the efficient management of the Fund in accordance with its investment objectives; or
- (iv) for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

## Eligible Markets

- A. To protect investors, markets on which certain investments of the Funds are admitted to or dealt in on must be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold. If a market ceases to be eligible, investments on that market cease to fall within Paragraphs (B)(i) or (ii) and the 10% restriction will apply to them.
- (i) An eligible market is:
    - (a) a regulated market or
    - (b) any market established in a European Union member state or any other state within the European Economic Area which is regulated, operates regularly and is open to the public.

A market may be added to the list (by appearing in a supplement to, or an updated version of this Prospectus) if the ACD, after consultation with the Depositary, considers the market is appropriate for the investment of, or dealing in, the property of the Company, and the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market; and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

However, a market will not be considered appropriate unless it:

- (a) is regulated;
- (b) operates regularly;
- (c) is recognised;
- (d) is open to the public;
- (e) is adequately liquid; and
- (f) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

## Spread of investments

- A. Other than in relation to holdings in government and public securities:
- (i) No more than 20% in value of any Fund may consist of deposits with a single body as defined in Rule 5.2.13R(3) of the FCA Rules.
  - (ii) No more than 5% in value may consist of transferable securities or approved money market instruments issued by any single body.
  - (iii) The limit of 5% in paragraph (D)(ii) is raised to 10% in respect of up to 40% in value of each Fund. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.
  - (iv) The limit of 5% in paragraph (D)(ii) is raised to 25% in value of each Fund in respect of covered bonds, provided that when the Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of each Fund.
  - (v) For the purposes of paragraphs (D)(ii) and (D)(iii), certificates representing certain securities are to be treated as equivalent to the underlying security.
  - (vi) The exposure of a Fund to any one counterparty in an OTC derivative transaction must not exceed 5% in value of that Fund (or 10% if the counterparty is an approved bank).

- (vii) No more than 20% in value of any Fund may consist of transferable securities and approved money market instruments issued by the same group.
- (viii) No more than 20% in value of any Fund may consist of the units of any single collective investment scheme.
- (ix) In applying the limits in paragraphs (D)(i), (D)(ii), (D)(iii), (D)(v) and (D)(vi) and subject to paragraph (D)(iv), no more than 20% in value of any Fund may consist of any combination of two or more of the following:
  - (a) transferable securities (including covered bonds) or approved money market instruments issued by;
  - (b) deposits made with; or
  - (c) exposures from OTC derivatives transactions made

with a single body. In applying this 20% limit, government and public securities issued by that body shall be taken into account.

For purposes of this paragraph, companies included in the same group for the purposes of consolidated accounts as defined in accordance with the Seventh Company Law Directive (83/349/EEC) or, in the same group in accordance with international accounting standards, are regarded as a single body.

## Government and Public Securities

- A. In relation to holdings in government and public securities,

No more than 35% in value of any Fund may be invested in government and public securities issued by any one body. In addition, such investment will be limited to UK government securities only.

## Collective Investment Schemes

- A. The investment policy of each Fund permits investment of the Fund's assets primarily in units of other collective investment schemes.

The maximum level of management fees that may be charged to a Fund, including any management fees levied on any collective investment schemes in which the Fund invests, will not exceed 10% per year. In addition, a Fund may also invest in collective investment schemes which charge a performance fee. An investee collective investment scheme may also charge a performance fee for a particular performance period up to 25% of the outperformance of its benchmark during that period.

A Fund may invest in units in a collective investment scheme provided that:

- (i) no more than 30% of the value of the Fund is in collective investment schemes which are not UCITS schemes; and
- (ii) the collective investment scheme into which the Fund is investing:
  - (a) complies with the conditions necessary for it to enjoy the rights conferred by the Financial Services and Market Act 2000 or UCITS related direct EU legislation as applicable; or
  - (b) is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (Schemes authorised in designated countries or territories); or

- (c) is authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13 R or article 19(1)(e) of the UCITS related direct EU legislation as applicable are met); or
  - (d) is authorised in the UK or an EEA State (provided the requirements of COLL 5.2.13 R or article 19(1)(e) of the UCITS -related direct EU legislation as applicable are met); or
  - (e) is authorised by the competent authority of an OECD member country (other than an EEA State or the UK) which has signed the IOSCO Multilateral Memorandum of Understanding and approved the scheme's management company, rules and Depositary/custody arrangements (provided the requirements of COLL 5.2.13 R or article 19(1)(e) of the UCITS related direct EU legislation are met);
- (iii) complies where relevant with paragraph (G) below;
  - (iv) has terms which prohibit more than 10% in value of its property consisting of units in collective investment schemes.
  - (v) where the collective investment scheme into which the Fund is investing is an umbrella, the provisions in paragraphs (D), (F)(iii) and (F)(iv) apply to each sub-fund as if it were a separate scheme.
- B. A Fund may invest in units in an "associated collective investment scheme" (namely, a collective investment scheme managed or operated by or has as its Authorised Company Director the ACD or an associate of the ACD) provided that where an investment is made and there are the following amounts or charges in relation to the investment, the ACD shall pay the amounts or charges to the Fund within four Business days following the date of the agreement to invest or dispose:
- (i) in relation to an investment:
    - (a) any amount by which the consideration paid by the Fund for the units in the associated collective investment scheme exceeds the price that would have been paid for the benefit of the associated collective investment scheme had the units been newly issued or sold by it; or
    - (b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the associated collective investment scheme.
  - (ii) in relation to a disposal, any charge made for the account of the authorised fund manager or operator of the associated collective investment scheme or an associate of any of them in respect of the disposal.

For these purposes:

- (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the associated collective investment scheme which is applied for the benefit of the associated collective investment scheme and is, or is like, a dilution adjustment or SDRT provision is to be treated as part of the price of the units and not as part of any charge; and
- (b) any charge made in respect of an exchange of units in one sub-fund or separate part of the associated collective investment scheme for units in another sub-fund or separate part of that associated collective investment scheme is to be included as part of the consideration paid for the units.

## Partly paid securities

- A. A Fund may only acquire a transferable security or money market instrument on which any sum is unpaid if it is reasonably foreseeable that the amount of any existing and potential call for any sum



unpaid could be paid by the Fund, at the time when payment is required, without contravening the investment restrictions and rules described in this section of this Prospectus and the FCA Rules.

## Approved money market instruments

- A. An approved money market instrument is a money market instrument which is normally dealt in on the money market, is liquid and whose value can be accurately determined at any time. For these purposes:
- (i) a money market instrument shall be regarded as normally dealt in on the money market if it:
    - (a) has a maturity at issuance of up to and including 397 days;
    - (b) has a residual maturity of up to and including 397 days;
    - (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
    - (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph (I)(i)(a) or (b) or is subject to yield adjustments as set out in paragraph (I)(i)(c).
  - (ii) a money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying unitholder; and
  - (iii) 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:
    - (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
    - (b) based either on market data or on valuation models including systems based on amortised costs.

A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

- B. Each Fund may invest in an approved money market instrument that is not admitted to or dealt in on an eligible market provided it fulfils the following requirements:
- (i) (i) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - (ii) the instrument is:
    - (a) issued or guaranteed by a central authority of the UK an EEA State or, if the EEA State is a federal state, one of the members making up the federation, a regional or local authority of an EEA State of the UK, the European Central Bank, the Bank of England or a central bank of an EEA State, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or a public international body to which one or more EEA States of the UK belong; or
    - (b) issued by a body, any securities of which are dealt in on an eligible market; or
    - (c) issued or guaranteed by an establishment which is:

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

## Derivatives and Forwards

- A. The Company does not intend to invest in derivatives.

## Deposits

- A. (A Fund may invest in deposits only with an approved bank and which are repayable on demand or have the right to be withdrawn, and mature in no more than 12 months.

## Transferable Securities

- A. Each Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (i) the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (ii) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder;
  - (iii) reliable valuation is available for it as follows:
    - (a) 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;
    - (b) 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;
  - (iv) appropriate information is available for it as follows:
    - (a) 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;
    - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the authorised fund manager on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (v) it is negotiable; and
  - (vi) its risks are adequately captured by the risk management process of the ACD.

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

- B. A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph (M), and either:
- (i) where the closed end fund is constituted as an investment company or a unit trust, it is subject to corporate governance mechanisms applied to companies, and where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - (ii) where the closed end fund is constituted under the law of contract, it is subject to corporate governance mechanisms equivalent to those applied to companies, and it is managed by a person who is subject to national regulation for the purpose of investor protection.
- C. Each Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by any Fund provided the investment:
- (i) fulfils the criteria for transferable securities set out in paragraph (M); and
  - (ii) is backed by or linked to the performance of other assets, which may differ from those in which a UCITS scheme can invest.
- D. The Company may 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:
- (i) 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
  - (ii) the acquisition gives the Company that power.

The Company will 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).

## **Concentration limits**

- A. The Fund:
- (i) must not acquire transferable securities (other than debt securities) which:
    - (a) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
    - (b) represent more than 10% of those securities issued by that body corporate;
  - (i) must not acquire more than 10% of the debt securities issued by any single body;
  - (ii) must not acquire more than 25% of the units in a collective investment scheme;
  - (iii) must not acquire more than 10% of the approved money market instruments issued by any single body;

However the limits in (ii), (iii) and (iv) above do not apply if, at the time of acquisition, the net amount in issue of the relevant investment in issue cannot be calculated.

## **Borrowing**

### **Stock-lending**

- A. A Fund may enter into stock lending or repo contracts permitted by this paragraph (R) when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

The Company, or the Depositary at the request of the Company, may enter into repo contracts or certain stock-lending arrangements in respect of the Funds, but only if:

- (i) 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;
- (ii) the counterparty is an FCA authorised person, a person authorised in another EEA member state, a person registered as a broker-dealer with the US Securities and Exchange Commission or a US bank, or a branch of a US bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following US federal banking supervisory authorities: the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or the Office of Thrift Supervision; and
- (iii) collateral is obtained to secure the obligation of the counterparty under the terms referred to in (i) above and the collateral is acceptable to the Depositary and is adequate and sufficiently immediate as provided in the FCA Rules. However, the requirements of this sub-paragraph (iii) do not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

There is no limit on the value of the property of a Fund which may be the subject of stock-lending arrangements. However the arrangements must always comply with the requirements of the Taxation of Chargeable Gains Act 1992 and the requirements of the FCA Rules as amended from time to time.

## **Underwriting**

- A. Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of the Company or any Fund.

## **Borrowing powers**

- A. The Company may, on the instructions of the ACD and subject to the FCA Rules, borrow money from an eligible institution or approved bank for the use of a Fund on terms that the borrowing is to be repayable out of the scheme property of the Fund. Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed 3 months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis. The ACD must ensure that borrowing does not, on any Business day, exceed 10% of the value of each Fund.

At the date hereof, the Company does not intend to exercise its borrowing powers, other than where required to effect the settlement of underlying securities.

## **Efficient Portfolio Management (EPM)**

- A. Techniques and instruments entered into for EPM purposes are those which relate to transferable securities or approved money-market instruments and which fulfil the following criteria:
- (i) they are economically appropriate in that they are realised in a cost effective way;

- (ii) they are entered into for one or more of the following specific aims:
1. reduction of risk;
  2. reduction of cost;
  3. 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 Rules.

## APPENDIX 2 – LIST OF DELEGATES AND SUB-DELEGATES OF THE DEPOSITARY

Country	Sub-custodians
ARGENTINA	Banco Santander Río S.A. – Buenos Aires
AUSTRALIA	Citibank – Melbourne
AUSTRIA	Unicredit Bank Austria AG – Vienna
BAHRAIN	HSBC Bank Middle East Limited – Manama
BELGIUM	ESES – EUROCLEAR
BENIN	SG BCI – Abidjan
BOTSWANA	Standard Chartered Bank Mauritius Limited – Ebene
BRAZIL	Santander Securities Services Brasil Distribuidora de Titolos e Valores
BULGARIA	Societe Generale Expressbank AD – Varna
BURKINA FASO	SG BCI – Abidjan
CANADA	Royal Bank of Canada – Toronto
CHILE	Banco Santander Chile S.A. – Santiago
CHINA Shanghai	HSBC Bank (China) Company Limited – Shanghai
CHINA Shenzhen	HSBC Bank (China) Company Limited – Shenzhen
COLOMBIA	Itau Securities Services Colombia S.A Sociedad Fiduciaria
CROATIA	Splitska Banka – Split
CYPRUS	BNP Paribas Securities Services SA, Athens Branch
CZECH REPUBLIC	Komerčni Banka – Prague
DENMARK	Nordea Bank Danmark A/S – Copenhagen
EGYPT	Qatar National Bank Alahli
ESTONIA	Nordea Bank AB (Publ), Finnish Branch – Helsinki
EURO MARKET	Euroclear Bank SA/NV – Brussels
EURO MARKET	Clearstream Banking S.A. – Luxembourg
FINLAND	Nordea Bank AB (Publ), Finnish Branch – Helsinki
FRANCE	ESES – EUROCLEAR

Country	Sub-custodians
GERMANY	Deutsche Bank – Frankfurt
GERMANY	Euroclear Bank SA/NV – Brussels
GERMANY	Societe Generale S.A. – Frankfurt am Main
GHANA	Standard Chartered Bank Mauritius Limited – Ebene
GREECE	BNP Paribas Securities Services SA, Athens Branch
GUINEEA BISSAU	SG BCI – Abidjan
HONG KONG	Deutsche Bank – Hong-Kong
HUNGARY	KBC Securities – Budapest
ICELAND	Landsbankinn HF – Reykjavik
INDIA	SBI-SG Global Securities Services Pvt. Ltd
INDONESIA	Standard Chartered Bank – Jakarta
IRELAND	Euroclear Bank SA/NV – Brussels
ISRAEL	Bank Hapoalim B.M. – Tel-Aviv
ITALY	SGSS SPA – Milan
IVORY COAST	SG BCI – Abidjan
JAPAN	HSBC Corp. Ltd – Tokyo
JORDAN	Standard Chartered – Amman
KENYA	Standard Chartered Bank Mauritius Limited – Ebene
KUWAIT	HSBC Bank Middle East Limited – Kuwait City
LATVIA	Swedbank AS – Riga
LITHUANIA	AB SEB Bankas – Vilnius
LUXEMBOURG	Societe Generale Bank & Trust – Luxemburg
MALAYSIA	HSBC Bank Malaysia Berhad – Kuala Lumpur
MALI	SG BCI – Abidjan
MAURITIUS	HSBC Corp. Ltd – Port Louis
MEXICO	Banco Santander México SA – Mexico City



Country	Sub-custodians
MOROCCO	Societe Generale Marocaine de Banques (SGMG SG) – Casablanca
NETHERLANDS	ESES – EUROCLEAR
NEW ZEALAND	Citibank – Melbourne
NIGER	SG BCI – Abidjan
NIGERIA	Standard Chartered Bank Nigeria Limited – Lagos
NORWAY	Nordea Bank Norge ASA – Oslo
OMAN	HSBC Bank Middle East Limited – Ruwi
PERU	Citibank del Peru SA – Lima
PHILIPPINES	HSBC Corp. Ltd – Manila
POLAND	Societe Generale S.A. Branch in Poland – Warszawa
PORTUGAL	BNP Paribas Securities Services SA – Paris
QATAR	HSBC Bank Middle East Limited – Doha
ROMANIA	BRD – Bucharest
RUSSIA	Rosbank – Moscow
SAUDI ARABIA	HSBC Saudi Arabia Ltd – Riyadh
SENEGAL	SG BCI – Abidjan
SERBIA	Societe Generale Banka Srbija AD – Belgrad
SINGAPORE	HSBC Corp. Ltd – Singapore
SLOVAKIA	CSOB – Bratislava
SLOVENIA	SKB Banka d.d. – Ljubljana
SOUTH AFRICA	Societe Generale S.A. – Johannesburg
SOUTH KOREA	HSBC Corp. Ltd – Seoul
SPAIN	Societe Generale S.A. – Madrid
SWEDEN	Nordea Bank AB (publ) – Stockholm
SWITZERLAND	Societe Generale, Zurich Branch
TAIWAN	HSBC Corp. Ltd – Taipei
THAILAND	HSBC Ltd – Bangkok

<b>Country</b>	<b>Sub-custodians</b>
TOGO	SG BCI – Abidjan
TUNISIA	UIB – Tunis
TURKEY	Türk Ekonomi Bankasi A.S. – Istanbul
UKRAINE	Unicredit Bank Austria AG – Vienna
UNITED ARAB EMIRATES	First Abu Dhabi Bank PJSC
UNITED KINGDOM	Euroclear Bank SA/NV – Brussels
UNITED KINGDOM	HSBC Plc – London
UNITED STATES	BBH – New York
UNITED STATES	BNP Paribas Securities Services – New York Branch
UNITED STATES	Citibank NA – New York
VIETNAM	HSBC Bank (Vietnam) Limited – Hanoi