

# **RBS INVESTMENT FUNDS ICVC**

An Investment Company with Variable Capital  
Registered in England and Wales under Registered Number IC237, FCA Product Reference  
("PRN"): 407795

---

## **PROSPECTUS**

---

**This Prospectus is dated, and is valid as at 3 September 2019**

Prepared in accordance with the Open Ended Investment Companies Regulations 2001 and  
the Collective Investment Scheme Sourcebook

# Contents

---

## Contents

<b>CONTENTS</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>2</b>
<b>DEFINITIONS</b> .....	<b>5</b>
<b>COMPANY DETAILS</b> .....	<b>13</b>
<b>DIRECTORY</b> .....	<b>14</b>
<b>THE CONSTITUTION OF THE COMPANY AND THE FUNDS</b> .....	<b>15</b>
<b>SHARES</b> .....	<b>17</b>
<b>DEALING IN SHARES</b> .....	<b>19</b>
<b>VALUATION</b> .....	<b>33</b>
<b>INCOME AND DISTRIBUTIONS</b> .....	<b>37</b>
<b>RISKS</b> .....	<b>43</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>48</b>
<b>FEES AND EXPENSES</b> .....	<b>59</b>
<b>INSTRUMENT OF INCORPORATION</b> .....	<b>67</b>
<b>MEETINGS AND VOTING RIGHTS</b> .....	<b>69</b>
<b>TAXATION</b> .....	<b>73</b>
<b>WINDING UP OF THE COMPANY AND TERMINATION OF FUNDS</b> .....	<b>79</b>
<b>GENERAL INFORMATION</b> .....	<b>81</b>
<b>APPENDIX I - INVESTMENT OBJECTIVES, INVESTMENT POLICES AND SHARE CLASSES</b> .....	<b>83</b>
<b>APPENDIX II - INVESTMENT AND BORROWING POWERS AND RESTRICTIONS</b> .....	<b>98</b>
<b>APPENDIX III - GOVERNMENT AND PUBLIC SECURITIES ISSUERS</b> .....	<b>116</b>
<b>APPENDIX IV - ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS</b> .....	<b>117</b>
<b>APPENDIX V ICVCS AND AUTHORISED UNIT TRUSTS MANAGED BY THE ACD</b> .....	<b>121</b>
<b>APPENDIX VI - PAST PERFORMANCE</b> .....	<b>122</b>
<b>APPENDIX VII- DIRECTORS OF THE ACD</b> .....	<b>124</b>
<b>APPENDIX VIII- LIST OF SUBCUSTODIANS AND OTHER DELEGATES</b> .....	<b>125</b>

## Introduction

---

**This document is important: If you are in any doubt as to the meaning of any information in this Prospectus or as to whether an investment in any sub-fund of the RBS Investment Funds ICVC is suitable for you, you should consult your financial adviser.**

This is the Prospectus of RBS Investment Funds ICVC (the *Company*) valid as at 3 September 2019. This Prospectus has been prepared by RBS Collective Investment Funds Limited in accordance with the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook (*COLL Sourcebook*) which forms part of the Financial Conduct Authority Handbook.

The *Company* is incorporated in England and Wales as an investment company with variable capital (*ICVC*) under registered number IC000237. The *Shareholders* are not liable for the debts of the *Company*.

RBS Collective Investment Funds Limited (*RBSCIFL*) is the Authorised Corporate Director of the *Company*. *RBSCIFL* is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, does not contain any untrue or misleading statement and does not omit anything likely to affect the import of such information or any matters required by the *COLL Sourcebook* *RBSCIFL* accepts responsibility accordingly.

This document has been approved by *RBSCIFL* for the purpose of section 21 of The Financial Services and Markets Act 2000 and copies of this Prospectus have been sent to the Financial Conduct Authority and to the *Depositary*, The Bank of New York Mellon (International) Limited.

The shares which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such State securities laws.

The *Company* has not been nor will be registered under the United States Investment Company Act of 1940, as amended.

Investment in the shares which are described in this Prospectus by or on behalf of US Persons is not permitted.

**This Prospectus is based on information, law and practice as at the date of this Prospectus. This Prospectus will be updated in accordance with the requirements of the Financial Conduct Authority and will cease to have any effect on the publication by the *Company* of a subsequent Prospectus. Potential investors should check with *RBSCIFL* that this is the most recently published Prospectus. Neither the *Company* nor *RBSCIFL* will be bound by or accept liability either in respect of an application for *Shares* made on the basis of this Prospectus or in respect of any reliance on this Prospectus once it has been superseded.**

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

The *Company* is marketable to all retail investors.

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

The distribution of this document and the offering or sale of *Shares* in certain jurisdictions may be restricted by law. No action has been taken by the *Company* or *RBSCIFL* that would permit an offer of *Shares* or possession or distribution of this document in any jurisdiction where action for that purpose is required, other than in the United Kingdom. This document does not constitute an offer of or an invitation to purchase or subscribe for any *Shares* by anyone in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation. Persons into whose possession this document comes are required by the *Company* and *RBSCIFL* to inform themselves about and to observe any such restrictions.

The provisions of the *Company's Instrument of Incorporation* are binding on each of its *Shareholders* (who are taken to have notice of them).

References to times in this Prospectus are to London times unless otherwise stated.

On request of a holder of *Shares* in the *Company*, the *ACD* will provide information supplementary to this Prospectus relating to the quantitative limits applying in the risk management of the *Company* and the methods used in relation thereto, and any recent development of the risk and yields of the main categories of investment of the *Company*.

Information relating to the past performance of the *Funds* can be found in Appendix V.

**The *Company* may enter into transactions in Derivatives.**

For all *Funds* such transactions will be used for the purposes historically known as *Efficient Portfolio Management* as described on page 108 of this Prospectus. The use of *Derivatives* does not otherwise directly form part of the investment objective of any *Fund*.

For details of the use of *Derivatives* by the *Funds* and their risks please see below, in particular under “Risks” on page 43 and in “Appendix I - Investment Objectives, Investment Policies and Share Classes”.

## Definitions

---

In this Prospectus the words and expressions set out in the first column below, which are generally applicable, shall have the meanings set opposite them unless the context requires otherwise. Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the *Act* or the *Regulations* (as defined below) unless the contrary is stated.

- ACD** means the authorised corporate director of the *Company*, RBS Collective Investment Funds Limited (*RBSCIFL*);
- Accumulation Shares** means *Shares* (of whatever *Class*) issued from time to time in respect of a *Fund* and in respect of which income allocated thereto is credited periodically to capital pursuant to the *COLL Sourcebook* and the *Instrument of Incorporation*;
- Act** means the Financial Services and Markets Act 2000 as amended and/or re-enacted from time to time;
- Administrator** means the administrator of the *Company* DST Financial Services Europe Limited;
- Approved Bank** means
- (a) if the account is opened at a branch in the United Kingdom;
    - (i) the Bank of England; or
    - (ii) the central bank of a member state of the *OECD*; or
    - (iii) a bank or a building society which offers, unrestrictedly, banking services; or
    - (iv) a bank which is supervised by the central bank or other banking regulator of a member state of the *OECD*; or
  - (b) if the account is opened elsewhere:
    - (i) a bank in (a); or
    - (ii) a credit institution established in an *EEA State* other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
    - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or

(c) a bank supervised by the South African Reserve Bank; or  
(d) any other bank which meets the requirements under the *FCA Handbook*

<b>Associate</b>	as defined in the glossary of the <i>FCA Handbook</i> ;
<b>Auditors</b>	means the auditors of the <i>Company</i> , Ernst & Young LLP;
<b>Business Day</b>	means Monday to Friday, and other days at the <i>ACD</i> 's discretion, except for (unless the <i>ACD</i> otherwise decides) a bank holiday in England and Wales or any other day on which the London Stock Exchange is closed;
<b>Class or Classes</b>	is as defined in the <i>Instrument of Incorporation</i> (being, in summary, in relation to <i>Shares</i> , according to the context, all the <i>Shares</i> relating to a single <i>Fund</i> or a particular Class or Classes of <i>Share</i> relating to a single <i>Fund</i> );
<b>COLL</b>	refers to the relevant chapter or rule in the <i>COLL Sourcebook</i> ;
<b>COLL Sourcebook</b>	means the Collective Investment Schemes Sourcebook issued by the <i>FCA</i> as part of the <i>FCA Handbook</i> , as amended or re-issued from time to time, which shall, for the avoidance of doubt, not include the guidance or evidential requirements it contains;
<b>Company</b>	means RBS Investment Funds ICVC;
<b>Conversion</b>	means the conversion of <i>Shares</i> in one <i>Class</i> in a <i>Fund</i> to <i>Shares</i> of another <i>Class</i> in the same <i>Fund</i> and " <i>Convert</i> " and " <i>Converted</i> " shall be construed accordingly;
<b>Custodian</b>	means the custodian of the <i>Scheme Property</i> , from time to time, currently being The Bank of New York Mellon (International) Limited;
<b>Data Protection Legislation</b>	means the EU Data Protection Directive 95/46/EC and the EU Privacy & Electronic Communications Directive 2002/58/EC, any

amendments and replacement legislation including the EU General Data Protection Regulation (EU) 2016/679, European Commission decisions, binding EU and national replacement legislation, national guidance and all national implementing legislation;

***Dealing Day***

means any *Business Day*;

***Depository***

means the depository of the *Company*, from time to time, currently being The Bank of New York Mellon (International) Limited;

***Derivatives***

means a financial instrument whose value is dependent on the value of an underlying asset such as a future, option or contract for differences;

***EEA State***

means a member state of the European Union and any other state which is within the European Economic Area, as defined in the glossary to the *FCA Handbook*;

***Efficient Portfolio Management***

has the meaning set out in page 108 of Appendix 2;

***Eligible Institution***

means one of certain eligible institutions as defined in the glossary to the *FCA Handbook*;

***FCA***

means the Financial Conduct Authority and any successor(s) to it;

***FCA Handbook***

means the *FCA Handbook* of Rules and Guidance as amended or replaced from time to time;

***Fund or Funds***

means any (or all) of the Equity Income Fund\*, Growth Fund\*, High Yield Fund\*, Extra Income Fund\*, Balanced Fund\*, International Growth Fund\*, Global Bond Fund, Managed Defensive Fund, Managed Equity Growth Fund, Managed Growth Fund, Managed Income Fund and UK Equity Fund, each a sub-fund of the *Company*;

\*This Fund is in the process of being terminated.

***ICVC***

means an investment company with variable capital which may also be referred to as an open-ended investment company (OEIC);

<b>Initial Charge</b>	means a charge imposed by the <i>ACD</i> on the purchase of <i>Shares</i> by an investor. It is calculated as a percentage of the gross amount tendered for investment;
<b>Income Shares</b>	means <i>Shares</i> (of whatever <i>Class</i> ) issued from time to time in respect of a <i>Fund</i> and in respect of which income is distributed periodically to <i>Shareholders</i> in accordance with the <i>COLL</i>
<b>Instrument of Incorporation</b>	means the instrument of incorporation of the <i>Company</i> as amended from time to time;
<b>Investment Funds Legislation</b>	means the <i>UCITS V Directive</i> , <i>UCITS V Level 2</i> and the <i>UCITS Law</i> ;
<b>Investment Grade</b>	means a bond which has a credit rating of at least BBB- (Standard & Poor's) or Baa3 (Moody's). Generally, Investment grade bonds are considered safer than other bonds because the resources of the issuers are sufficient to indicate a good capacity to repay obligations.
<b>Investment Manager</b>	means Coutts & Company in respect of the <i>Funds</i> ;
<b>Investor Protection Fee</b>	means a dilution levy or dilution adjustment made in accordance with the <i>COLL</i> Sourcebook;
<b>IOSCO</b>	means the International Organisation of Securities Commissions;
<b>Larger Denomination Share</b>	has the meaning given in the <i>OEIC Regulations</i> . <i>Shares</i> are available in larger and smaller denominations with the <i>Smaller Denomination Share</i> representing a defined proportion of a larger denomination share;
<b>Managed Funds</b>	means the Managed Defensive Fund, Managed Equity Growth Fund, Managed Growth Fund, Managed Income Fund, each a sub-fund of the <i>Company</i> ;
<b>Net Asset Value or NAV</b>	means the value of the <i>Scheme Property</i> of the <i>Company</i> or <i>Fund</i> less the liabilities of the <i>Company</i> or <i>Fund</i> as calculated in accordance with the <i>Instrument of Incorporation</i> ;

<b>OECD</b>	means the Organisation for Economic Co-operation and Development;
<b>OEIC Regulations</b>	means the Open-Ended Investment Companies Regulations 2001 (SI 2001 No.1228) as amended or re-enacted from time to time;
<b>PRA</b>	means the Prudential Regulation Authority and any successor(s) to it;
<b>RBSG</b>	means The Royal Bank of Scotland Group plc;
<b>Register</b>	means the register of <i>Shareholders</i> maintained by the <i>Registrar</i> in accordance with the <i>OEIC Regulations</i> ;
<b>Registrar</b>	means the registrar of the <i>Company</i> , DST Financial Services Europe Limited;
<b>Regulations</b>	means the <i>OEIC Regulations</i> and the <i>COLL Sourcebook</i> ;
<b>Scheme Property</b>	means the property of the <i>Company</i> or of any <i>Fund</i> as appropriate required under the <i>COLL Sourcebook</i> to be given for safe-keeping to the <i>Depositary</i> ;
<b>Share or Shares</b>	means a share or shares in a <i>Fund</i> (including <i>Larger Denomination Shares</i> and <i>Smaller Denomination Shares</i> );
<b>Shareholder</b>	means a holder of <i>Shares</i> ;
<b>Smaller Denomination Share</b>	means one thousandth of a <i>Larger Denomination Share</i> ;
<b>State</b>	means a state of the United States of America;
<b>Switch</b>	means the exchange of <i>Shares</i> of one <i>Fund</i> for <i>Shares</i> of another <i>Fund</i> and " <i>Switching</i> " and " <i>Switched</i> " shall be construed accordingly;

<b>Tracking Error</b>	<p>this measures the extent to which a fund's performance differs from its benchmark. It is calculated as the annualised statistical variation of the returns of a fund compared with its benchmark.</p> <p>Low tracking error means a fund performs consistently relative to its benchmark.</p> <p>In contrast, high tracking error implies a fund performs inconsistently relative to its benchmark (i.e. a volatile difference in returns);</p>
<b>UCITS Directive</b>	<p>means the Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended or re-enacted from time to time;</p>
<b>UCITS V Directive</b>	<p>means the Undertakings for Collective Investment in Transferable Securities Directive 2014/91/EU;</p>
<b>UCITS V Level 2</b>	<p>means the Commission Delegated Regulation (EU) of 17 December 2015 supplementing the <i>UCITS Directive</i> with regard to obligations of depositaries;</p>
<b>UCITS Law</b>	<p>means any United Kingdom legislation and the <i>FCA Handbook</i> enacted or introduced to transpose or otherwise effect EU law as it relates to UCITS as appropriate;</p>
<b>US</b>	<p>the United States of America (including any <i>States</i> thereof and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;</p>
<b>US Person</b>	<p>unless otherwise determined by the <i>ACD</i>:</p> <p>(i) a resident of the <i>US</i>;</p>

(ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the *US* or any *State* or other jurisdiction thereof or any entity taxed as such or required to file a tax return as such under the US Federal income tax laws;

(iii) any estate of which any executor or administrator is a *US Person*;

(iv) any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a *US Person*;

(v) any agency or branch of a foreign entity located in the *US*;

(vi) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the *US*;

(vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised or incorporated in the *US*, or (if an individual) a resident of the *US*;

(viii) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the *US* and the customary practices and documentation of such country;

and

(ix) any person or entity whose ownership of *Shares* or solicitation for ownership of *Shares* the *ACD* through its officers or directors shall determine may violate any securities laws or banking laws of the *US* or any *State* or other jurisdiction thereof;

Except that a *US Person* shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US jurisdiction, unless such corporation, partnership or other entity was formed by such *US Person* principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended;

***Valuation Point***

means the point, whether on a periodic basis or for a particular valuation, at which the *ACD* carries out a valuation of the *Scheme Property* for the purposes of determining the price at which *Shares* of a *Class* in any *Fund* may be issued, cancelled or redeemed as described in the 'Valuation' section on page 33 and

***VAT***

means value added tax.

## Company Details

---

### General

The *Company* is authorised by the *FCA*. It was authorised with effect from 21 May 2003.

Head Office : 24-25 St Andrew Square, Edinburgh, EH2 1AF

Address for Services : The Head Office is 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*

Base Currency : The base currency of the *Company* and the *Funds* is pounds sterling

Share Capital : Maximum: £100,000,000,000  
: Minimum: £100

*Shares* in the *Company* and the *Funds* have no par value. The share capital of the *Company* will at all times equal the sum of the *Net Asset Values* of each of the *Funds*. *Shares* in the *Company* are not listed on any investment exchange.

*Shareholders* are not liable for the debts of the *Company*.

## Directory

The Company	RBS Investment Funds ICVC 24-25 St Andrew Square Edinburgh EH2 1AF
Authorised Corporate Director	RBS Collective Investment Funds Limited 24-25 St Andrew Square Edinburgh EH2 1AF
Investment Manager	Coutts & Company 440 Strand London WC2R 0QS
Administrator and Registrar	DST Financial Services Europe Limited DST House St Nicholas Lane Basildon Essex SS15 5FS
Depository and Custodian	The Bank of New York Mellon (International) Limited 1 Canada Square London E14 5AL
Auditors	Ernst & Young LLP Atria one 144 Morrison Street Edinburgh EH3 8EX

# The Constitution of the Company and the Funds

---

## The Company

The *Company* is a UCITS Scheme operating under the *COLL Sourcebook* and is constituted as an “umbrella company” under the *Regulations*, which means that the *Company* issues *Shares* linked to different *Funds*.

## The Funds

Each *Fund* is invested in accordance with the investment objective and investment policy applicable to that *Fund* and as if it were a separate “UCITS Scheme” for the purposes of the *COLL Sourcebook*. For investment purposes the assets of each *Fund* will be treated as separate from those of every other *Fund*. The *Funds* set out below are those currently available:

Funds	
Balanced Fund*	Global Bond Fund
Equity Income Fund*	Managed Defensive Fund
Extra Income Fund*	Managed Equity Growth Fund
Growth Fund*	Managed Growth Fund
High Yield Fund*	Managed Income Fund
International Growth Fund*	UK Equity Fund

\* This Fund is in the process of being terminated.

Details of these *Funds*, including their investment objectives and policies, can be found in Appendix I.

## Additional Funds

Further additional *Funds* may be established in the future by the *ACD* from time to time with the approval of the *FCA* and the agreement of the *Depositary*.

## **Allocation of Assets and Liabilities**

Each *Fund* represents a segregated portfolio of assets, which is attributable to the *Class* or *Classes* of *Shares* issued in respect of that *Fund*. The assets of a *Fund* belong exclusively to that *Fund* and shall not be used to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the *Company*, or any other *Fund* and shall not be available for any such purpose.

Each *Fund* will be charged with the liabilities, expenses, costs and charges of the *Company* attributable to that *Fund* and within a *Fund*, charges will be allocated between *Classes* in accordance with the terms of issue of *Shares* of those *Classes*.

Any expenses specific to a *Class* will be allocated to that *Class* and otherwise shall be allocated between *Classes* by the *ACD* in a manner which is fair to *Shareholders* generally. They will normally be allocated to all *Classes* pro rata to the value of the net assets of the relevant *Classes*.

Any assets, liabilities, expenses, costs or charges not attributable to a particular *Fund* may be allocated by the *ACD* in a manner which is fair to the *Shareholders* generally. They will normally be allocated to all *Funds* pro rata to the value of the net assets of the relevant *Funds*.

## **Changes to the Company or the Funds**

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

## Shares

The *Company* may issue several *Classes* of *Share* in respect of each *Fund*. Share classes may be distinguished on the basis of different criteria which may include their minimum subscription, minimum holding and annual management charge. Access to certain share classes may also be restricted. The share classes currently available along with the details of subscription, holding criteria and restrictions on availability (if any) are listed below:

Class	Minima and Restrictions
<i>Class 1:</i>	<ul style="list-style-type: none"><li>• Minimum initial subscription £1,000,000</li><li>• Minimum additional subscription £250</li><li>• Minimum redemption £500</li><li>• Minimum holding £500</li></ul>
<i>Class 2:</i>	<ul style="list-style-type: none"><li>• Minimum initial subscription £100,000</li><li>• Minimum additional subscription £250</li><li>• Minimum redemption £500</li><li>• Minimum holding £500</li></ul>

The *ACD* has the discretion to apply lower minima than those listed above and may waive these from time to time.

The details of annual management charges are to be found in the section headed 'Fees and Expenses' on page 59. As a result of differences in annual management charges for different *Share Classes*, monies may be deducted from *Classes* of the same *Fund* in unequal proportions. In these circumstances the proportionate interests of the *Classes* will be adjusted accordingly (for an explanation of proportionate interests please refer to the section headed 'Proportionate entitlements' on page 40).

Net *Income Shares* and/or net *Accumulation Shares* may be made available within each *Class*. Gross *Income Shares* and gross *Accumulation Shares* in each *Fund* may also be issued but are not currently offered.

The types of *Shares* presently available in each *Fund* are set out in the details of the relevant *Funds* in Appendix I.

Further *Classes* of *Share* may be established from time to time by the *ACD* with the approval of the *FCA* and the agreement of the *Depositary*. On the introduction of any new

*Fund* or *Class*, either a revised Prospectus or a supplemental Prospectus will be prepared setting out the relevant details of each *Fund* or *Class*.

## **Conversion and Switching**

*Shareholders* are entitled (subject to certain restrictions) to *Convert* all or part of their *Shares* in a *Class* for *Shares* in another *Class* in respect of the same *Fund* or to *Switch* all or part of their *Shares* in relation to one *Fund* for *Shares* in relation to a different *Fund* (but in either case not in any other authorised fund of which the *ACD* is the authorised corporate director or authorised fund manager). Details of these *Conversion* and *Switching* facilities and the restrictions are set out in the section headed 'Conversions and Switching' on page 23.

## **Income and Accumulation Shares**

Holders of *Income Shares* will receive distributions. Each allocation of income made in respect of any *Fund* at a time when more than one *Class* is in issue will be done by reference to the relevant *Shareholders'* proportionate interests in the *Scheme Property* of the *Fund* in question. *Shareholders* can choose to have their distribution of income paid direct to their bank or building society current account. Alternatively, *Shareholders* may choose to have their income distributions automatically reinvested, to purchase further *Shares* of the same *Class* and *Fund* at the prevailing *Net Asset Value* without attracting an *Initial Charge*. For regular savings plans invested in *Income Shares* the income distribution is automatically reinvested in *Shares* of the same *Class* and *Fund* unless this supplements a lump sum investment on which income payment has been selected.

Holders of *Accumulation Shares* do not receive payments of income. Any income arising in respect of an *Accumulation Share* is automatically accumulated and is reflected in the price of each *Accumulation Share*. No *Initial Charge* is levied on this accumulation.

Tax vouchers for both *Income Shares* and *Accumulation Shares* will be issued in respect of distributions made and tax accounted for.

Where both *Income Shares* and *Accumulation Shares* are in existence in relation to a *Fund*, the relevant *Shareholders'* proportionate interests in the *Scheme Property* of the *Fund* represented by each *Accumulation Share* increases as income is accumulated. Further, in these circumstances, the income of the *Fund* is allocated between *Income Shares* and *Accumulation Shares* according to the relevant *Shareholders'* proportionate interests in the *Scheme Property* of the *Fund* represented by the *Accumulation Shares* and *Income Shares* in existence at the end of the relevant accounting period.

## Dealing in Shares

---

The *ACD's* and *Administrator* and *Registrar's* offices are open from 9am until 5pm on each *Dealing Day*. All dealing and correspondence with investors shall take place in English and all deals in *Shares* are governed by the laws of England and Wales.

### Pricing

The *Company* deals on the basis of "single pricing". This has the effect that subject to the *Initial Charge* and the *Investor Protection Fee* (for further information see the section headed 'Dealing Charges' on page 26) both the issue and the redemption price of a *Share* at a particular *Valuation Point* will be the same.

The price per *Share* at which *Shares* may be bought or sold is the *Net Asset Value* of its *Class* (calculated at the relevant *Valuation Point*) divided by the number of *Shares* of that *Class* in issue. In addition the *ACD* reserves the right to make an *Initial Charge* on *Shares* purchased.

In the case of each of the *Funds* for both purchases and sales, an *Investor Protection Fee* may be imposed as a separate element in addition to the price.

There is no current intention to impose a redemption charge in respect of *Class 1* or *Class 2 Shares*.

The *Company* deals on a forward pricing basis (and not on the basis of published prices). A forward price is the price calculated at the next *Valuation Point* after the sale or purchase is deemed to be accepted by the *ACD* (for details of the *Valuation Point* see "Valuation" at page 33).

The *ACD* does not accept responsibility for the accuracy of the prices published in or the non- publication of prices by newspapers for reasons beyond the control of the *ACD*.

The prices of *Shares* will be available daily on the Financial Times website at:

<http://www.ft.com/markets/uk>; and the Bank websites at:

[https://personal.rbs.co.uk/personal/investments/existing-customers/Collective\\_Investments.html](https://personal.rbs.co.uk/personal/investments/existing-customers/Collective_Investments.html)

[https://personal.natwest.com/personal/investments/existing-customers/Collective\\_Investments.html](https://personal.natwest.com/personal/investments/existing-customers/Collective_Investments.html)

The prices of *Shares* are also available by contacting the *ACD* by telephone on 0345 300 2585.

## Buying Shares

Applications to purchase *Shares* can be made by telephoning the *ACD* on 0345 300 2585\* (subject to subsequent completion of an application/registration form for administrative and verification purposes) or by sending a completed application form to the *Administrator*. Application forms are available from the *ACD* by writing to the *Administrator* or telephoning the *ACD*. The *ACD* may at its discretion introduce further methods in the future. The *ACD* may in the future introduce an electronic trading system which will enable investors to buy and sell *Shares* using the internet but at present the *ACD* will only accept written and telephone instructions to deal.

***\*Calls may be recorded for monitoring or training purposes***

For all *Funds* applications for *Shares* received and accepted by 3pm on a *Dealing Day* will be dealt with at the price calculated as at the *Valuation Point* for that *Dealing Day*. Applications received and accepted after those respective times will be dealt with at the price calculated as at the *Valuation Point* for the following *Dealing Day*. For all *Funds* if payment is being made by direct debit, applications for *Shares* will be dealt with at the price calculated as at the *Valuation Point* on the day of collection if that day is a *Dealing Day*, or if not the first *Dealing Day* thereafter.

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

Any subscription monies remaining after a whole number of *Shares* has been issued will not be returned to the applicant. Instead, *Smaller Denomination Shares* will be issued in such circumstances. A *Smaller Denomination Share* is equivalent to one thousandth of a *Larger Denomination Share*.

Applications for purchase will not be acknowledged but a contract note will be issued by the end of the second *Business Day* following the relevant *Dealing Day*, together with, where appropriate, a notice of the applicant's right to cancel. The contract note will give details of the *Shares* purchased and the price used.

Once *Shares* have been purchased, the *ACD* will enter the name of the investor on the register. Payment for the *Shares* is due and payable to the *ACD* in settlement of the purchase on the relevant *Fund's* "Settlement Date" (as detailed below). Until payment has been passed on by the *ACD* to the *Depositary*, an investor will not have an irrevocable right of ownership in the *Shares*. Where an investor applies to invest in a *Fund*, the *ACD* will hold the money

received in advance of the *Settlement Date* on trust for the investor as client money in a segregated client money account with any recognised bank or banks that the *ACD* may from time to time select until the *Settlement Date*. No interest will be paid on money held in these client money bank accounts. In the unlikely event that the *ACD* were to become insolvent between the purchase of shares and the *Settlement Date*, the money received from an investor would be protected by the *FCA*'s client money rules. In this situation, an investor may not receive the *Shares* allocated to them pending settlement; the *Shares* may be cancelled. On an insolvency of the *ACD* in these circumstances the investor's right would be to the return of the money, which would be pooled with other client money.

An applicant has the right to cancel his application to buy *Shares* at any time during (the 30 days after the date on which he receives a cancellation notice from the *ACD*. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the *ACD* receives the completed cancellation notice, he will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The determination of any shortfall will be based upon the price of the *Fund* at the next *Dealing Day* following the *ACD*'s receipt of the completed cancellation notice.

If payment has not already been made settlement of the full purchase price and any related fees and expenses is due immediately. The *ACD*, at its discretion, may delay issuing the *Shares* until payment is received. If settlement is not made within a reasonable period, the *ACD* has the right to cancel any *Shares* issued in respect of the application.

*Share* certificates will not be issued in respect of registered *Shares*. Ownership of *Shares* will be evidenced by an entry on the *Register of Shareholders*. Statements covering periodic distributions on *Shares* will show the number of *Shares* held by the recipient. Individual statements of a *Shareholder's* (or in the case of joint holdings, the first named holder's) *Shares* will also be issued at any time on request by the registered holder.

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

### **Regular Savings Plan**

The *ACD* operates a regular savings plan for *Class 1 Shares* in all *Funds* subject normally to a minimum monthly subscription of £50 in any one *Fund*. Contract notes for the purchase of *Shares* will not be issued to *Shareholders* investing through a regular savings plan.

### **Selling Shares**

A *Shareholder* wishing to sell *Shares* should contact the *ACD* by telephone on 0345 300 2585\* or in writing. Instructions to sell are irrevocable. The *ACD* may, at its discretion, introduce further methods in the future. The *ACD* may in the future introduce an electronic

trading system which will enable investors to buy and sell *Shares* using the internet but at present the *ACD* will only accept written and telephone instructions to deal.

***\*Calls may be recorded for monitoring or training purposes***

Every *Shareholder* is entitled on any *Business Day* to request that the *Company* redeem his *Shares* and the *Company* will be required to redeem them in accordance with the procedures set out below.

For all *Funds* redemption requests received and accepted by the *ACD* by 3pm on a *Dealing Day* will be dealt with at the price calculated as at the *Valuation Point* for that *Dealing Day*. All requests received and accepted after those respective times will be dealt with at the price calculated as at the *Valuation Point* for the following *Dealing Day*.

If the redemption would leave a residual holding of less than the minimum holding the *ACD* has discretion to require redemption of the entire holding.

A contract note giving details of the number and price of *Shares* sold will be sent to the selling *Shareholder* (the first named in the case of joint holders) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the *Shareholder* (and in the case of joint holders, by all the joint holders) no later than the end of the second *Business Day* following the *Valuation Point* by reference to which the redemption price is determined. The redemption monies will be paid within four *Business Days* of the later of

1. the receipt by the *ACD* of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant *Shareholders* and completed as to the appropriate number of *Shares*, together with any other appropriate evidence of title, and
2. the *Valuation Point* following receipt by the *ACD* of the request to redeem.

However where money is owed on the earlier sale of the *Shares* to be redeemed and has not been received and cleared by the time the redemption proceeds would otherwise be payable, then the redemption proceeds for those *Shares* will not be sent until such time as the initial money has been received and cleared.

### **Minimum Redemption**

Part of a *Shareholder's* holding may be sold but the *ACD* reserves the right to refuse a redemption request if the value of the *Shares* of any *Fund* to be redeemed is less than the minimum redemption amounts stated on page 17.

Additionally the *ACD* reserves the right to refuse a redemption request for part of a *Shareholder's* holding if the value of the remaining holding would fall below the minimum holding in a *Fund* or *Share Class* as set out on page 17.

## Conversion and Switching

Subject to the qualifications below and to the relevant minimum holding restrictions of the *Shareholder*, a *Shareholder* may at any time *Switch* or *Convert* (as appropriate) all or some of his *Shares* of one *Class* or *Fund* ("**Original Shares**") for the appropriate number of *Shares* of another *Class* or *Fund* ("**New Shares**"). The number of *New Shares* issued is determined by the following formula:

$$N = \frac{O \times (CP \times ER)}{SP}$$

Where:

N is the number of *New Shares* to be issued;

O is the number of *Original Shares* to be exchanged;

CP is the price at which one *Share* of the old *Class* can be redeemed at the applicable *Valuation Point*;

ER is 1 (for same currency *Shares*) and

SP is the price at which a *New Share* in the new *Class* can be purchased at the applicable *Valuation Point*.

Each number referred to in the definition of N or O shall be expressed to the third decimal place and rounded down thereto in the case of N, so that the integer represents the number of *Larger Denomination Shares* and the decimal when multiplied by 1,000 represents the number of *Smaller Denomination Shares*.

If a *Shareholder* wishes to *Convert* or *Switch Shares* he should apply to the *ACD* in the same manner as for a sale as set out on page 18.

The *ACD* may at its discretion impose restrictions as to the *Classes* for which exchange may be effected and charge a fee on the *Switching* of *Shares* between *Funds*, up to the then prevailing *Initial Charge* relating to the *Class* into which the *Shares* are being *Converted* or

*Switched*. These fees are set out on page 26 below. There is no fee on a *Conversion* between *Classes* of the same *Fund* but the *ACD* may, subject to the *COLL Sourcebook* introduce such a fee at its discretion. Additionally, circumstances may arise on *Switching* when the *ACD* imposes an *Investor Protection Fee*, the details of which are described on page 26.

If the *Conversion* or *Switch* would result in the *Shareholder* holding a number of *Original Shares* or *New Shares* of a value which is less than the minimum holding in the *Fund* concerned, the *ACD* may, if it thinks fit, *Convert* the whole of the applicant's holding of *Original Shares* to *New Shares* or refuse to effect any *Conversion* or *Switch* of the *Original Shares*. No *Conversion* or *Switch* will be made during any period when the right of *Shareholders* to require the redemption of their *Shares* is suspended. The general provisions on procedures relating to redemption will apply equally to a *Conversion* or *Switch*. *Conversion* and *Switching* requests received after a *Valuation Point* will be held over until the next day that is a *Dealing Day* in the relevant *Fund* or *Funds*.

The *ACD* may adjust the number of *New Shares* to be issued to reflect the imposition of any conversion or switching fee together with any other charges or levies in respect of the issue or sale of the *New Shares* or repurchase or cancellation of the *Original Shares* as may be permitted by the *COLL Sourcebook* and the *Instrument of Incorporation*.

A *Shareholder* who *Switches* or *Converts* as appropriate *Shares* in one *Fund* or *Class* for *Shares* in any other *Fund* or *Class* will not be given a right to withdraw from or cancel the transaction.

**It should be noted that a *Switch of Shares* in one *Fund* for *Shares* in any other *Fund* is treated as a realisation and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of capital gains taxation. A *Conversion of Shares* in one *Class* for *Shares* in another *Class* in relation to the same *Fund* will not normally be treated as a realisation for United Kingdom tax purposes.**

## **Data Protection**

Prospective investors should note that by providing any personal information in connection with an application for, or the holding of, *Shares*, they are providing to the *ACD* and the Administrator personal information which may constitute personal data within the meaning of the Data Protection Legislation. This data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates, Associates and agents. In subscribing for *Shares*, investors acknowledge that the Company, its delegates and its or their duly authorised agents and any of their respective related,

associated or affiliated companies will obtain, hold, use, disclose and process the data for any one or more of the following purposes:

- (a) to manage and administer the investor's holding in the relevant Fund and any related accounts on an on-going basis;
- (b) to carry out statistical analysis and market research;
- (c) to comply with legal and regulatory obligations or tax requirements in any jurisdiction applicable to the investor and the Company;
- (d) for disclosure or transfer whether in the United Kingdom or countries outside the United Kingdom and outside of the European Economic Area, including without limitation the United States of America, which may not have the same data protection laws as the United Kingdom, to third parties including financial advisers, regulatory bodies, tax authorities, auditors, technology providers or to the Company, the Investment Manager, the Depositary and their delegates or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; and
- (e) for other legitimate business interests of the Company.

Pursuant to Data Protection Legislation, Shareholders have a right of access to their personal data kept by the ACD and Administrator and the right to amend and rectify any inaccuracies in their personal data held by the ACD and Administrator by making a request to the ACD or Administrator in writing. For more information concerning Shareholder rights regarding their personal data and how personal data is used, Shareholders are referred to the privacy notices for the RBS Group shown below.

For RBS customers, go to:

<https://www.rbs.co.uk/privacy>

For NatWest customers, go to:

<https://www.natwest.com/privacy>

We recommend that investors review this privacy information in detail.

The Administrator will hold any personal information provided by investors in accordance with Data Protection Legislation.

By subscribing for Shares, Shareholders acknowledge that to the recording of telephone calls made to and received from Shareholders by the Administrator and ACD, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

## Dealing Charges

### Initial Charge

A charge may be imposed by the *ACD* on the purchase of *Shares* by an investor. The charges for all *Funds* and *Classes* are set out in the section headed 'Fees and Expenses' on page 59.

### Switching Fee

On the *Switching* of *Shares* of a *Fund* for *Shares* in another *Fund* the *ACD* has the power under the *Instrument of Incorporation* to charge a switching fee. The switching fee which is payable to the *ACD* will not exceed an amount equal to the then prevailing *Initial Charge* for the *Class* into which the *Shares* are being *Switched*. There is no charge for *Converting Shares* in one *Class* of a *Fund* for *Shares* in another *Class* of the same *Fund*.

### Investor Protection Fee (dilution levy)

The basis of valuation of the *Company's* or a *Fund's* investments for the purpose of calculating the issue and redemption price of *Shares* as stipulated in the *COLL Sourcebook* and the *Instrument of Incorporation* is summarised in the section headed 'Valuation' on page 33.

When the *Company* purchases or sells investments it will usually incur a cost in the form of dealing charges and any spread between the buying and selling prices of the investment. This cost is not reflected in the sale or purchase price paid by an investor in *Shares* in the *Funds*. In some circumstances (for example, large volumes of deals in a *Fund's Shares* require the *Company* to purchase or sell *Fund* investments) this may have an adverse effect on the *Shareholders'* interests in the *Fund*. This effect is referred to as "dilution". To mitigate the effects of dilution, the *ACD* has the power to charge a dilution levy or a dilution adjustment (both referred to in this Prospectus as an "*Investor Protection Fee*") on the purchase and/or sale of *Shares*.

For each of the *Funds*, the *Investor Protection Fee* is a dilution levy which, if charged, is added to the purchase cost or deducted from the sale proceeds, as appropriate, and paid into and becomes a part of the *Scheme Property* of the relevant *Fund*.

The *ACD* does not benefit from any *Investor Protection Fee*.

The necessity to charge an *Investor Protection Fee* will depend on the volume of purchases or sales.

For all *Funds*, the *ACD* may charge a discretionary *Investor Protection Fee* on the purchase and sale of *Shares* if, in its opinion, the existing *Shareholders* (for purchases) or remaining *Shareholders* (for sales) might otherwise be adversely affected. On the occasions where an

*Investor Protection Fee* is not applied, there may be an adverse impact on the total assets of the *Fund*, which may constrain capital growth of the *Fund*.

The *Investor Protection Fee* may be charged for all *Funds* in the following circumstances:

1. on a *Fund* experiencing large levels of net purchases (i.e. purchases less sales) relative to its size. In these circumstances the *Investor Protection Fee* may be applied in particular to individual deals exceeding £25,000;
2. on a *Fund* experiencing large levels of net sales (i.e. sales less purchases) relative to its size. In these circumstances the *Investor Protection Fee* may be applied in particular to individual deals exceeding £25,000;
3. on "large deals". For these purposes a large deal is defined as a deal exceeding £250,000 or 2 per cent of the *Net Asset Value* of the *Fund* whichever is the lesser;
4. where a *Shareholder* redeems or *Switches* a shareholding within 30 days of its purchase;
5. where a *Fund* is an index tracking fund or is otherwise passively managed;
6. in any other case where the *ACD* is of the opinion that the interests of existing/continuing *Shareholders* and/or potential *Shareholders* require the imposition of the *Investor Protection Fee*.

The *Investor Protection Fee* for each *Fund*, if any, will be determined by the *ACD* by reference to the costs of dealing in the underlying investments of the relevant *Fund*, including any dealing spreads, commission and transfer taxes.

It is not possible to accurately predict whether an *Investor Protection Fee* will occur at any point in time. Consequently it is not possible to accurately predict how frequently the *ACD* will need to impose an *Investor Protection Fee*. However, based on future projections, it is envisaged that, the *ACD* would not expect to apply an *Investor Protection Fee*, in respect of any particular *Fund* on a frequent basis in the future. The amount of any *Investor Protection Fee* may vary over time and may differ for each *Fund*. Should the *ACD* apply an *Investor Protection Fee* it is estimated that the *ACD* would apply a rate of between 0.2% and 0.4% for the *Funds*.

During 2014 an *Investor Protection Fee* of £561.45 was levied in respect of The Growth Fund\* which represented 0.22%. During 2015 and 2016, an *Investor Protection Fee* was not levied. During 2017 an *Investor Protection Fee* of £1,279.69 was levied in respect of the High Yield

Fund\* which represented 0.37% and of £1,494.06 in respect of the Equity Income Fund\* which represented 0.22%. During 2018 an *Investor Protection Fee* of £595.17 was levied in respect of the Growth Fund\* which represented 0.23%.

This paragraph will continue to be revised from time to time.

\*This Fund is in the process of being terminated.

## Transfers

*Shareholders* are entitled to transfer their *Shares* to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the *ACD* for this purpose.

Completed instruments of transfer must be returned to the *Administrator*. For further details, please see page 67.

## Compulsory Transfer and Redemption

*Shares* in the *Company* may not be acquired or held by any person in circumstances ("**Relevant Circumstances**"):

1. which 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
2. which would require the *Company*, the *ACD* or any investment manager to be registered under any law or regulation of any country or territory or cause the *Company* to apply for registration or comply with any registration requirements in respect of any of its *Shares* whether in the *US* or any other jurisdiction in which it is not currently registered; or
3. which would (or would if other *Shares* were acquired or held in like circumstances), in the opinion of the *ACD*, result in the *Company*, any of its *Shareholders*, the *ACD* or any investment manager, incurring any liability to taxation or suffering any other legal, regulatory, pecuniary or other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) which it or they might not otherwise have suffered; or
4. where such person is a *US Person* or is holding *Shares* for the account or benefit of a *US Person*.

For the purposes of the "relevant circumstances" above, "investment manager" shall include any person appointed by the *ACD* and/or *Company* to provide investment management and/or investment advisory services in respect of the *Scheme Property* of the *Company* or in respect of the *Funds*.

In this connection, the *ACD* has discretion to reject any application for the purchase, sale *Conversion* or *Switch* of *Shares*.

If it comes to the notice of the *ACD* that any *Shares* ("**Affected Shares**") have been acquired or are being held directly or beneficially in any of these *Relevant Circumstances* or by virtue of which the *Shareholder* or *Shareholders* in question is/are not qualified to hold such *Shares* or if it reasonably believes this to be the case, the *ACD* may give notice to the holder(s) of the *Affected Shares* requiring the transfer of such *Shares* to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such *Shares* in accordance with the *COLL Sourcebook*. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his *Affected Shares* to a person qualified to own them or establish to the satisfaction of the *ACD* (whose judgement shall be final and binding) that he and any person on whose behalf he holds the *Affected Shares* are qualified and entitled to own them, he shall be deemed upon the expiration of the thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the *ACD*) of all the *Affected Shares* pursuant to the *COLL Sourcebook*.

A person who becomes aware that he has acquired or holds *Affected Shares* in any of these *Relevant Circumstances*, or by virtue of which he is not qualified to hold such *Affected Shares*, must immediately, unless he has already received a notice as set out above, either transfer all his *Affected Shares* to a person qualified to own them or give a request in writing for the redemption of all their *Affected Shares* pursuant to the *COLL Sourcebook*.

### **In Specie Redemptions**

If a *Shareholder* requests the redemption or cancellation of *Shares* the *ACD* may arrange that in place of payment of the price of the *Shares* in cash, the *Company* cancels the *Shares* and transfers *Scheme Property* (or, if required by the *Shareholder*, the net proceeds of sale of relevant *Scheme Property*), to the *Shareholder*. This only applies however if the *Shares* represent over 5% (or such smaller percentage as the *ACD* may decide) of the *Fund's* value.

Before the proceeds of the cancellation of *Shares* become payable, the *ACD* must give written notice to the *Shareholder* that the *Scheme Property* or the proceeds of sale of *Scheme Property* will be transferred to that *Shareholder*.

The *Scheme Property* to be transferred will be selected by the *ACD* in consultation with the *Depositary*. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the *Shareholder* requesting cancellation/redemption than to the continuing *Shareholders* of the *Fund* concerned.

## **In Specie Applications**

The *ACD* may at its discretion and by special arrangement, agree to arrange for the *Company* to issue *Shares* in exchange for assets other than money, but will only do so where the *Depositary* has taken reasonable care to determine that the *Company's* acquisition of those assets in exchange for the *Shares* is not likely to result in any material prejudice to the interests of *Shareholders* or potential *Shareholders* of the *Fund* concerned.

The *ACD* will ensure that the beneficial interest in the assets concerned is transferred to or for the account of the *Company* with effect from the date of issue of the *Shares*.

The *ACD* will not issue *Shares* in any *Fund* in exchange for assets the holding of which would be inconsistent with the investment objective of that *Fund*.

## **General**

To satisfy a request for the issue, redemption or exchange of *Shares*, the *ACD* will normally sell *Shares* to or repurchase *Shares* from *Shareholders* to meet such requests.

The *ACD* is entitled to hold *Shares* for its own account and to satisfy requests for sale from its own holding. Although the *ACD* dealing in *Shares* held by it, for its own account, is not with the intention of making a profit there will be occasions when such dealings do give rise to a profit.

In some circumstances and in accordance with the *COLL Sourcebook*, the *Company* will issue or cancel *Shares* to meet such requests. The *COLL Sourcebook* requires the *ACD* to procure the issue or cancellation by the *Company* where necessary to meet any obligation to sell or redeem *Shares*.

The *ACD* is under no obligation to account to the *Company* or to *Shareholders* for any profit it makes on the issue, reissue or cancellation of *Shares* and will not do so.

The amount to be charged by or paid to the *ACD* for the sale of a *Share* by the *ACD* will not be more than the price of a *Share* notified to the *Depositary* at the relevant *Valuation Point* plus any *Initial Charge* and/or *Investor Protection Fee* which may apply.

The amount to be paid by the *ACD* for the redemption of a *Share* will not be less than the price of a *Share* notified to the *Depositary* at the relevant *Valuation Point* minus any *Investor Protection Fee* which may apply.

## **Market timing**

The *ACD* may refuse to accept a subscription or a *Switch* between *Funds* if it has reasonable grounds, in relation to the *Shareholder* concerned, for refusing to accept a subscription or a *Switch* from them. In particular, the *ACD* may exercise this discretion if it believes the *Shareholder* has been or intends to engage in market timing activities. The *ACD* does not condone or engage in market timing activities.

## **Money Laundering**

Under current legislation in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with anti-money laundering regulations. So as to ensure compliance appropriate identification enquiries may be made in certain circumstances whether in respect of the sale, purchase or transfer of *Shares* or distribution of income. Until satisfactory proof of identity is provided, the *ACD* reserves the right to refuse to carry out the transaction requested or pay income on *Shares* to the investor.

The *ACD* may use an external agency to verify the identity of *Shareholders* or potential *Shareholders* for anti-money laundering purposes.

## **Suspension of Dealings in the Company**

The *ACD* may with the agreement of the *Depositary* (and must if the *Depositary* so requires) temporarily suspend the issue, cancellation, sale and redemption of *Shares* of any one or more *Classes* in any or all of the *Funds* if the *ACD*, or the *Depositary* in the case of any requirement by the *Depositary*, is of the opinion that due to exceptional circumstances it is in the interests of all the *Shareholders*.

At the time of suspension, the *ACD*, or the *Depositary* if it has required the *ACD* to suspend dealing in *Shares*, must inform the *FCA* immediately stating the reasons for its actions and, as soon as is practicable, give the *FCA* written confirmation of the suspension and the reasons for it.

The *ACD* will notify *Shareholders* of the suspension as soon as practicable after suspension commences and will inform *Shareholders* how to obtain information which the *ACD* will publish to keep *Shareholders* appropriately informed about the suspension including, if known, its likely duration.

During a suspension the obligations relating to the issue, sale, cancellation and redemption of *Shares* contained in Chapter 6 of the *COLL Sourcebook* will cease to apply and the *ACD* must comply with as many of the obligations relating to valuation of assets as is practicable in the light of the suspension.

During any period of suspension, the *ACD* may agree to issue, redeem, *Convert* or *Switch Shares* at a price calculated by reference to the first *Valuation Point* after the end of the suspension. Any deals outstanding prior to the suspension shall be undertaken at a price calculated by reference to the first *Valuation Point* after the suspension.

In accordance with Chapter 7 of the *COLL Sourcebook*, suspension of dealing in *Shares* must cease as soon as practicable after the exceptional circumstances have ceased and the *ACD* and *Depositary* must formally review the suspension at least every 28 days and must inform the *FCA* of the results of this review.

The calculation of *Share* prices will recommence as at the next *Valuation Point* following the ending of the suspension.

## Valuation

---

The price of a *Share* is calculated by reference to the *Net Asset Value* of the *Fund* and *Class* to which it relates.

The *Valuation Point* for each of the *Funds* is at 11 pm on each *Dealing Day*.

The *ACD* may at any time carry out an additional valuation if the *ACD* considers it desirable to do so.

### Calculation of the Net Asset Value

The value of the *Scheme Property* of a *Fund* is the value of its assets less the value of its liabilities determined in accordance with the following provisions:

1. All the *Scheme Property* (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any *Initial Charge* included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the *ACD*, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the *ACD* is fair and reasonable;
  - (b) exchange-traded *Derivative* contracts:
    - (i) if a single price for buying and selling the exchange-traded *Derivative* contract is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices

- (c) over-the-counter *Derivative* contracts shall be valued in accordance with the method of valuation as shall have been agreed between the *ACD* and the *Depositary*;
  - (d) any other investment:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the *ACD*, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the *ACD*'s best estimate of the value, at a value which in the opinion of the *ACD* is fair and reasonable; and
  - (e) property other than that described in (a),(b) (c) and (d) above: at a value which, in the opinion of the *ACD*, represents a fair and reasonable mid-market price.
3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
  4. In determining the value of the *Scheme Property*, all instructions given to issue or cancel *Shares* shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the *Regulations*, the *Instrument of Incorporation* or this Prospectus shall be assumed (unless the contrary has been shown) to have been taken.
  5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the *ACD*, their omission shall not materially affect the final net asset amount.
  6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.

7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the *ACD's* employment take all reasonable steps to inform it immediately of the making of any agreement.
8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, *VAT* and stamp duty.
9. Deduct an estimated amount for any liabilities payable out of the *Scheme Property* and any tax thereon treating periodic items as accruing from day to day.
10. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
12. Add any other credits or amounts due to be paid into the *Scheme Property*.
13. 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*.
14. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

## **Fair Value Pricing**

The *ACD* may, in its absolute discretion and in circumstances where:

1. it believes that no reliable price for the property in question exists; or
2. such price, if it does exist, does not reflect the *ACD's* best estimate of the value of such property,

value the *Scheme Property* or any part of *Scheme Property* at a price which, in its opinion, reflects a fair and reasonable price for that property ("**Fair Value Pricing**").

The *ACD* is permitted to use *Fair Value Pricing* in specific circumstances and pursuant to processes and methodologies that it must have notified to the *Depositary*. Examples of the circumstances in which the *ACD* might consider using *Fair Value Pricing* where a *Fund's Valuation Point* is set during the time when markets in which its portfolio is invested are closed for trading include:

1. market movements above a pre-set trigger level in other correlated open markets;
2. war, natural disaster, terrorism;
3. government actions or political instability;
4. currency realignment or devaluation;
5. changes in interest rates;
6. corporate activity;
7. credit default or distress; or
8. litigation.

Even if a *Fund's Valuation Point* is set during the time other markets are open for trading, other scenarios might include:

1. failure of a pricing provider;
2. closure or failure of a market;
3. volatile or "fast" markets;
4. markets closed over national holidays;
5. stale or unreliable prices;
6. listings suspensions or de-listings.

## Income and Distributions

### Accounting Periods

The annual accounting period of the *Company* ends each year on 28 February (the accounting reference date). For all *Funds*, except the Growth Fund\* and the International Growth Fund\*, there is also a half yearly interim accounting period that ends each year on 31 August. The High Yield Fund\*, the Equity Income Fund\*, the Extra Income Fund\*, the Global Bond Fund, the Managed Income Fund and the UK Equity Fund also have quarterly interim accounting periods that end each year on 31 May and 30 November.

\*This Fund is in the process of being terminated.

### Distributions

The *Funds* will make dividend distributions or accumulations except where over 60% of the *Fund's* property has been invested throughout the distribution period in interest-bearing investments, in which case it will make interest distributions or accumulations. Currently, the Extra Income Fund\*, High Yield Fund\* and Global Bond Fund pay interest distributions. Other *Funds* pay dividend distributions.

\*This Fund is in the process of being terminated.

Distributions to the holders of *Income Shares* will be made within two months of the end of each accounting period, the income allocation date, as follows:

Accounting Period Ends	Income Distribution Paid on or before
28 February	30 April
31 May**	31 July**
31 August	31 October
30 November**	31 January**

\*\**Funds* with quarterly interim accounting periods only.

Please note that the first interim accounting period for the Global Bond Fund, the Managed Income Fund and the UK Equity Fund will end on 31 August 2019 and therefore the Income Distribution in respect of this period will be paid on or before the 31 October 2019.

The amount available for distribution in any accounting period is calculated in accordance with the allocation procedure set out below. Distributions may be made by cheque or bank transfer or such other means of payment as may be permitted by the *ACD* in each year.

The *ACD* will give the *Depositary* timely instructions to enable the *Depositary* to distribute the income allocated to *Income Shares* of each *Class* in a *Fund* among their holders in proportion to the numbers of such *Shares* held, or treated as held, by them respectively at the end of the relevant accounting period. The *Depositary* will pay the distribution to the holders of *Income Shares* in accordance with the instructions. Any such distributions that remain unclaimed after a period of 6 years will be paid back into the relevant *Fund* and become part of that *Fund's* capital property. Thereafter neither the relevant holder of *Income Shares* nor any successor will have any rights to it except as part of the relevant *Fund's* capital property. The amount of income allocated to the holders of a *Class* of *Accumulation Shares* will become part of the capital property (as defined in the *COLL Sourcebook*) attributable to those *Shares* as at the end of the relevant accounting period. Where other *Classes* are in issue in respect of a *Fund* during that accounting period, the interests of the holders of *Accumulation Shares* in the amount of income allocated to a particular *Class* must be satisfied by an adjustment, as at the end of the period, in the proportion of the value of the *Scheme Property* to which the price of an *Accumulation Share* in the relevant *Class* is related. The adjustment must be such as will ensure that the price per *Share* of an *Accumulation Share* of the relevant *Class* remains unchanged despite the transfer of income to the capital property of the *Company*.

## **Allocations of income**

On or before each income allocation date (being the date that is two months after the end of the relevant accounting period), the *ACD* will calculate the amount available for income allocation for the immediately preceding accounting period, will inform the *Depositary* of that amount and allocate the available income to the *Shares* of each *Class* in issue in respect of that *Fund*, taking account of the procedure set out below and the proportionate amounts of available income attributable to each *Class* in a *Fund*.

The income available for distribution or accumulation in relation to a *Fund* is determined in accordance with the *COLL Sourcebook* and the *Instrument of Incorporation*.

As at the end of each accounting period, the *ACD* will arrange for the *Depositary* to transfer the amount of income allocated to *Income Shares* (being in essence the amount available for income allocation calculated in accordance with *COLL*) to the distribution account.

The income available for allocation and distribution in respect of each share class of each *Fund* is calculated by taking the aggregate of the income property received or receivable for the account of such share class of each *Fund* in respect of that period, deducting charges and expenses paid or payable by such share class of each *Fund* out of the income in respect of the period, adding the *ACD's* best estimate of any relief from tax on such charges and expenses, and making other adjustments which the *ACD* considers appropriate in relation to both income and expenses (including taxation), after consulting the *Auditors* when required to do so, in relation to:

1. taxation;
2. potential income which is unlikely to be received until 12 months after the income allocation date;
3. income which should not be accounted for on an accrual basis because of lack of information about how it accrues;
4. any transfers between the income account and capital account that are required in relation to:
  - (i) stock dividends;
  - (ii) *Income Equalisation* included in income allocations from other collective investment schemes;
  - (iii) the allocation of payments in accordance with *COLL 6.7.10R* (Allocation of payments to income or capital);
  - (iv) taxation; and
  - (v) the aggregated amount of income property included in *Shares* issued and *Shares* cancelled during the period.
5. any other adjustments or any reimbursement of set-up costs.

An allocation of income (whether annual or interim) to be made in respect of each *Share* issued by the *Company* or sold by the *ACD* during the accounting period in respect of which that income allocation is made will be of the same amount as the allocation to be made in respect of the other *Shares* of the same *Class* in a *Fund*.

Each allocation of income made at a time when more than one *Class* is in issue in a *Fund* shall be done by reference to the relevant *Shareholders'* proportionate interests in the property of that *Fund*. These will be ascertained by reference to the "**Proportion Account**" for each such *Class* described in the section entitled "Proportionate entitlements" on page 40.

### **Income equalisation**

The following provisions shall apply in respect of *Shares* in issue in respect of each of the *Funds*.

An allocation of income (whether annual interim or otherwise) to be made in respect of each *Share* to which this clause applies issued by the *Company* or sold by the *ACD* during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other *Shares* in the same *Class* in issue in respect of the same *Fund* but shall include a capital sum ("**Income Equalisation**") representing the *ACD's* best estimate of the amount of income included in the price of that *Share*.

The amount of *Income Equalisation* in respect of any *Share* shall be either:

1. the actual amount of income included in the issue price of that *Share*; or
2. an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of *Shares* of that *Class* issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such *Shares* and applying the resultant average to each of the *Shares* in question.

## **Proportionate entitlements**

The proportionate interests of each *Class* in the assets and income of the *Fund* shall be calculated as follows:

A notional account will be maintained for each *Class*. Each account will be referred to as a ("**Proportion Account**"). The word ("**Proportion**") in the following paragraphs means the *Proportion* which the balance on a *Proportion Account* at the relevant time bears to the balance on all the *Proportion Accounts* of a *Fund* at that time.

There will be credited to a *Proportion Account*:

1. the subscription money (excluding any *Initial Charges* or *Investor Protection Fee*) for the issue of *Shares* of the relevant *Class*;
2. that *Class's Proportion* of the amount by which the *Net Asset Value* of the *Fund* exceeds the total subscription money for all *Shares* in the *Fund*;
3. that *Class's Proportion* of the *Fund's* income received and receivable; and
4. any notional tax benefit as referred to below.

There will be debited to a *Proportion Account*:

1. the redemption payment for the cancellation of *Shares* of the relevant *Class*;
2. the *Class's Proportion* of the amount by which the *Net Asset Value* of the *Fund* falls short of the total subscription money for all *Shares* in the *Fund*;
3. all distributions of income (including any equalisation) made to *Shareholders* of that *Class*;
4. all costs, charges and expenses incurred solely in respect of that *Class*;
5. that *Class's* share of the costs, charges and expenses incurred in respect of that *Class* and one or more other *Classes* in the *Fund*, but not in respect of the *Fund* as a whole;
6. that *Class's Proportion* of the costs, charges and expenses incurred in respect of or

attributable to the *Fund* as a whole; and

7. any notional tax liability as referred to below.

Any tax liability in respect of the *Fund* and any tax benefit received or receivable in respect of the *Fund* will be allocated between *Classes* in order to achieve, so far as possible, the same result as would have been achieved if each *Class* were itself a *Fund* so as not materially to prejudice that *Class*. The allocation will be carried out by the *ACD* after consultation with the *Auditors*.

Where a *Class* is denominated in a currency which is not the base currency of the *Fund*, the balance of the *Proportion Account* shall be translated into the base currency of the *Fund* in order to ascertain the proportions of all *Classes*. Translations between currencies shall be at a rate that is not likely to result in any material prejudice to the interests of *Shareholders* of any *Class*.

The *Proportion Accounts* are:

1. memorandum accounts maintained for the purpose of calculating proportions. They do not represent debts from the *Company* to *Shareholders* or the other way round;
2. maintained such that each credit and debit to a *Proportion Account* is allocated to that account on the basis of that *Class's Proportion* immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

The proportionate interest of a *Class* in the assets and income of a *Fund* is its "proportion".

The *Company* may adopt a method of calculating the amount of income to be allocated between the *Shares* in issue in respect of any *Fund* which is different to the method set out above provided that the *ACD* is satisfied that such method is fair to *Shareholders* and that it is reasonable to adopt such method in the given circumstances.

## **EU Savings Directive**

The European Directive on the Taxation of Savings and associated UK legislation came into effect on 1<sup>st</sup> July 2005. The purpose of the directive is to combat tax evasion by individuals on cross border savings income.

Under current UK legislation, persons responsible for making savings income payments in the course of business must collate and report information regarding the payment of savings income to residents in certain other countries, which will be exchanged automatically with the tax authorities in those countries.

So as to ensure compliance appropriate identification enquiries may be made in certain circumstances in order to fulfil these reporting requirements.

## Risks

---

**The following are important warnings and potential investors should consider the following risk factors before investing in the *Company*.**

The following risk factors may relate to a particular *Fund* as that *Fund* invests directly in a particular asset or because that *Fund* invests in a collective investment scheme which in turn invests in a particular asset.

### General

There are inherent risks in investment markets. Security prices are subject to market fluctuations and can move irrationally and be unpredictably affected by many and various factors including political and economic events and rumours. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive less than the original amount invested.

There is no guarantee that the investment objectives of any *Fund* will be achieved. **It is important to note that past performance is not necessarily a guide to future returns or growth.** *Shares* should be viewed as a medium to long term investment.

Investors will need to decide whether or not an investment vehicle of this nature is appropriate for their requirements.

The High Yield Fund\*, the Global Bond Fund, the Managed Defensive Fund, the Managed Growth Fund and the Managed Income Fund may hold sub-investment grade bonds which have a lower credit rating than other bonds and therefore carry a higher risk of default, in which case the capital value of your investment may be reduced.

\*This Fund is in the process of being terminated.

### Alternative Investment Risks

The *Managed Funds* may invest in alternative investment funds. In order to achieve their return objectives, alternative investment funds may use *Derivatives* extensively. *Derivatives* can lead to increased risk due to the potential for large losses, contrary to the small financial outlay, and through counterparty risk (default of the other party in a derivative contract). In addition, alternative investment funds can use *Derivatives* to establish "short" positions in individual markets and assets. A short sale involves the sale of a security that the alternative investment fund does not physically own in the expectation of purchasing the same security at a later date at a lower price to secure a profit. The alternative investment funds in which the *Managed Funds* may invest also typically replicate short positions (create so-called synthetic short positions) through the use of cash settled *Derivatives* such as equity swaps (contracts for difference), provided any exposure created is covered by the assets of the alternative investment fund.

Accordingly, the use of "short" positions carries inherent risk but also gives the potential to benefit if the

value of the market/asset falls.

## **Over-the-Counter (OTC) Derivatives Counterparty and Market Risk**

Each of the *Funds* may hold *OTC Derivatives*. The fair value of these *Derivatives* will take into account the possibility they may have limited liquidity and higher price volatility. In addition, a *Fund* holding *OTC Derivatives* will be exposed to credit risk on counterparties with whom the transactions are made and will bear the risk of settlement default with those counterparties. To help protect against this risk collateral will be used to reduce exposure to counterparties in respect of *OTC Derivatives*. Collateral will be deposited with an independent custodian and can be called upon if the counterparty fails to deliver.

## **Currency Exchange Rates**

Investments for some *Funds* will be made in assets denominated in various currencies and exchange rate movements may affect the value of an investment favourably or unfavourably, separately from the gains or losses otherwise made by such investments.

## **Effect of Initial Charge**

Where appropriate, the *ACD's Initial Charge* is deducted from the investment at the outset. Hence an investor, having paid an *Initial Charge*, who redeems his *Shares* in the short term may not (even in the absence of a fall in the value of the relevant investments) realise the original amount invested.

## **Emerging Markets**

Investment in emerging markets may involve a higher risk than that inherent in more developed markets.

Where *Funds* invest in some overseas markets these investments may carry risk associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Companies in emerging markets may not be subject:

1. to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
2. to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain *Funds* and, as a result, limit investment opportunities for the *Funds*. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging

markets.

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

Investors should consider whether or not investment in such *Funds* is either suitable for or should constitute a substantial part of an investor's portfolio.

### **Investment in Smaller Companies**

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

### **Sub-Investment Grade Bonds**

Such bonds have a lower credit rating than investment grade bonds and so a higher risk of default and carry a degree of risk both to the income and capital value of a *Fund*.

### **Suspension of Dealings**

In certain circumstances the right to redeem *Shares* may be suspended (see "Suspension of Dealings in the Company" on page 31).

### **Charges to Capital**

Where the investment objective of a *Fund* is to prioritise the generation of income over capital growth, or in circumstances where they have equal priority, all or part of the *ACD*'s fee may be charged against capital instead of against income. This may limit capital growth.

### **Liabilities**

Under the *OEIC Regulations*, each *Fund* is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that *Fund* (this is often referred to as "segregated liability"). While the *OEIC Regulations* provide for segregated liability between funds, the concept of segregated liability is, in the context of collective investment schemes which are authorised and regulated in the UK, relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the *OEIC Regulations*. Therefore, it is not possible to be certain that the assets of a *Fund* will always be completely insulated from the liabilities of another *Fund* of the *Company* in every circumstance.

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

## **Inflation**

Inflation will reduce the purchasing power of money when an investment is redeemed.

## **Liquidity Risk**

The absence of adequate liquidity which restricts investment opportunities is known as liquidity risk. When trading *Derivatives*, market demand can impact the ability to acquire or liquidate assets. Counterparty liquidity can be reduced by lower credit ratings or large cash outflows and margin calls can increase a fund's liquidity risk. Liquidity risk tends to compound other risks. If a *Fund* has a position in an illiquid asset, its limited ability to liquidate that position at short notice will compound its market risk.

## **Operational Risk**

There is a dependency upon the ability to process transactions in different markets and currencies. Shortcomings or failures in internal processes, people or systems could lead to, among other consequences, financial loss and reputation damage. In addition, the ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the business and the communities in which they are located.

## **Legal Risk**

Legal Risk is the risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly. The risks are largely minimised in respect of OTC *Derivatives* by ensuring that contracts known as "ISDA agreements" are in place with counterparties prior to trading.

## **Property Risk**

The *Managed Funds* may have some exposure to property, either through investment in other collective investment schemes which invest in property (directly or indirectly) or through property securities. Property risk occurs as the valuation of property is a matter of judgement by an independent valuer. The value of capital and income will fluctuate as property values and rental incomes rise and fall.

Where indirect investment in property is made, it should be noted that due to the nature of these assets, significant volatility may be experienced during times of extreme market turmoil. The underlying investments of property funds can generally be less liquid than equities or bonds and, as such, purchases and sales may be a long and uncertain process. At times, cash in those property funds may remain uninvested if it proved difficult to make purchases. Equally, there may be times when property has to be sold quickly and for less than expected.

## **Purchased Options**

Purchased Option contracts are exposed to a maximum loss equal to the price paid for the option (the premium) and no further liability.

## **Written Options**

Written options give the right of potential exercise to a third party. This creates exposure for the *Fund* as they may have to deliver out the underlying investments and should the market move unfavourably result in a loss. The maximum loss for the writer of a put option is equal to the strike price less the premium received. The maximum loss for the writer of an uncovered call option is unlimited.

In the case of a written option or a future the notional underlying is not delivered upon exercise as the contract is cash settled. The *Fund's* financial liability is therefore linked to the marked-to-market value of the notional underlying investments.

Over the counter options although providing greater flexibility may involve greater credit risk than exchange-traded options as they are not backed by the clearing organisation of the exchanges where they are traded.

## **Financial Transaction Tax**

The European Commission is currently considering a proposal to introduce a financial transaction tax in the European Union which if introduced, may impact each Fund's return due to increased transactional costs.

## Management and Administration

---

### Authorised Corporate Director

The Authorised Corporate Director of the *Company* is RBS Collective Investment Funds Limited. The *ACD* is a private company limited by shares and was incorporated on 23 June 1969 in the United Kingdom registered number SC46694.

The *ACD* is wholly owned by a holding company which in turn is ultimately wholly owned by *RBSG*, a company incorporated in the United Kingdom. The Directors of the *ACD* are listed in Appendix VII.

The registered office of the *ACD* and its principal place of business is 24-25 St Andrew Square, Edinburgh, EH2 1AF.

The *ACD* has an issued share capital of £10,000,000 which is fully paid up.

The *ACD* is responsible for managing and administering the *Company's* affairs in compliance with the *COLL Sourcebook*.

Appendix V sets out details of the capacity in which the *ACD* acts in relation to any other regulated collective schemes and the names of such schemes.

The *ACD* provides its services to the *Company* under the terms of an agreement (the "**ACD Agreement**") dated 12 November 2013 (as subsequently amended from time to time). The *ACD Agreement* may be terminated upon at least 12 months' written notice by either party. In certain circumstances (including by reason of certain breaches of the *ACD Agreement*, certain insolvency related events occurring in relation to either party, either party ceasing to be authorised by applicable legal or regulatory authorities, either party ceasing to be able to comply with its obligations under the *ACD Agreement* or termination of the joint venture arrangements referred to above) the *ACD Agreement* may be terminated at any time forthwith by notice in writing by the *ACD* to the *Company* or by the *Depositary* or the *Company* to the *ACD*. Termination of the *ACD's* appointment cannot take effect until the *FCA* has approved the change of director.

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

In the case of termination under the terms of the *ACD Agreement* the *ACD* is entitled to receive from the *Company* an amount agreed by both parties to be reasonable having regard to the additional expense incurred by the *ACD* in arranging for the transfer of the administration of the *Company* and its pro rata fees and expenses to the date of termination. There is no compensation for loss of office provided for in the *ACD Agreement*.

Subject to the *Regulations* and applicable laws, the *ACD* will not be liable to the *Company* or any *Shareholder* for any actions, claims, costs, damages or expenses unless arising as a direct consequence of the *ACD's* fraud, negligence, wilful default, breach of duty or breach of trust. Under the *ACD Agreement*, to the extent permitted by the *Regulations* and applicable laws, the *Company* indemnifies the *ACD* against all actions, proceedings, claims, costs, demands and expenses incurred by the *ACD* by reason of its functions under the *ACD Agreement* other than where there has been negligence, fraud, default, bad faith or wilful default in the performance of its duties and obligations.

Details of the fees to which the *ACD* is entitled are set out on pages 59 to 61.

The *ACD* is authorised and regulated by the *FCA* of 12 Endeavour Square, London E20 1JN and is authorised to carry on regulated activities in the United Kingdom.

### ***The ACD's Remuneration Policy***

In accordance with the *FCA Handbook*, the *ACD* is required to establish and apply a remuneration policy for certain categories of staff whose activities have a material impact on the risk profile of the *ACD* or the UCITS that it manages.

The Remuneration Policy documents the remuneration policies, practices and procedures of the *ACD* and is reviewed at least annually.

The Remuneration Policy:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the *ACD* or that is inconsistent with the risk profile of the funds the *ACD* manages;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by the *ACD*;
- (iv) Does not impair the *ACD's* ability to comply with its duty to act in the best interest of the funds it manages;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all;
- (vii) Requires that the majority of variable pay is subject to deferral;

- (viii) Takes into account that unvested variable pay may, in certain circumstances, be reduced.

Up-to-date details of the Remuneration Policy are available at [http://personal.rbs.co.uk/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html) and [http://personal.natwest.com/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html). A paper copy of that information will be made available free of charge from the ACD upon request.

## The Depositary

The Bank of New York Mellon (International) Limited is the Depositary of the Company and, for the avoidance of doubt, acts as the global custodian to the Company.

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

The registered and head office address is at One Canada Square, London, E14 5AL.

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

### Terms of Appointment

The ACD and/or 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 27 February 2019 (the “Depositary Agreement”) between the Depositary, the ACD and the Company (each a “**Party**”, together, the “**Parties**”).

The Depositary Agreement may be terminated on ninety (90) days’ (or a shorter period if agreed between the Parties) written notice by any Party. The Depositary Agreement may also be terminated by a Party if (i) another Party has become subject to bankruptcy, insolvency or similar procedures; (ii) another Party has ceased to be licensed for its activity under the Depositary Agreement or ceased to have approvals that are required for its activities; or (iii) another Party has materially defaulted on its obligations under the Depositary Agreement and such default was not remedied within 30 days notice from the non defaulting Party.

The *Depositary* may not retire nor be removed by the *Company* or the *ACD* except upon the appointment of a new depositary. Before expiration of any such notice period, the *ACD* shall propose a new depositary to which the *Company’s* assets shall be transferred and which shall take over its duties as the *Company’s* depositary from the *Depositary*. The *Company* shall replace the *Depositary* without undue delay but in any case not later than eighteen (18) months following the date of the written notice of termination, and the *Company* and the *ACD* are required to use their best endeavours in replacing the *Depositary*. If no

replacement depositary has been appointed by the expiry of such a period, the *ACD* and the *Company* will co-operate with the *Depositary* in applying to the *FCA* for the winding up of the *Company*.

#### Liability of the Depositary

The *Depositary* is liable for the loss of a financial instrument held in custody (determined in accordance with the *UCITS V Directive* and *UCITS V Level 2*) (a “**Loss**”) by the *Depositary* or any of its delegates or sub-delegates. The *Depositary* shall not be liable for a Loss if the Loss has arisen as a result of an external event beyond its reasonable control the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, in accordance with the meaning given to these terms in the *UCITS V Directive* and *UCITS V Level 2*.

The *Depositary* shall only be liable for damages suffered by the *Company* or by the *Shareholders* as a direct result of the *Depositary's* negligent or intentional failure to properly fulfil its obligations in relation to the services under the Depositary Agreement, or the *Depositary's* failure to perform its obligations under any applicable law or regulation.

Under the Depositary Agreement, the *Company* indemnifies and holds harmless the *Depositary* and its employees, officers and directors from any and all reasonable costs, liabilities and expenses resulting directly or indirectly from the fact that they have acted as agent of the *Company* in accordance with instructions given pursuant to the Depositary Agreement, except in the case of negligence, intentional failure or in the event such indemnification would be contrary to mandatory provisions in the *UCITS V Directive*.

The *Company* also indemnifies and holds harmless the *Depositary* from any and all taxes, charges, expenses (including reasonable legal fees), assessments, claims or liabilities incurred by the *Depositary* or its delegates, or the *Depositary's* or the delegates' agents, in connection with the performance of the Depositary Agreement (except such as may arise from its or their negligent action, failure to exercise reasonable care in the performance of its or their services or wilful misconduct or in the case of any liability imposed by applicable law or regulation).

The fees to which the *Depositary* is entitled are set out on page 62.

#### Duties of the Depositary

The *Depositary* is responsible for the safekeeping of Scheme Property, monitoring the cash flows of the *Company*, and must ensure that certain processes carried out by the *ACD* are performed in accordance with the applicable rules and the constitutive documents of the *Company*.

#### Delegation of Safekeeping Functions

The *Depositary* acts as global custodian and may delegate safekeeping to one or more global sub-

custodians (such delegation may include the powers of sub-delegation). The Depositary has delegated safekeeping of the assets of the Company to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon (the “Global Sub-Custodians”).

The Global Sub-Custodians may sub-delegate safekeeping of assets in certain markets in which the Company may invest to various sub-delegates. A list of the sub-delegates is given in Appendix VIII. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of sub-delegates is updated only at each Prospectus review.

### Conflicts of Interest

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

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

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

### The Company, ACD and shareholders

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

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

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

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

## Depositary Conflicts of interest

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

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

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

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

- (a) identifies the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;
- (b) specifies the procedures or measures which should be followed or adopted by the Depositary in order to prevent or manage and report those conflicts of interest;
- (c) sets out effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- (d) includes procedures to ensure the separate supervision of persons whose principal functions involve carrying out activities with or for clients and whose interests may conflict, or who otherwise represent different interests that may conflict, including with the interests of the Depositary;
- (e) includes procedures to remove any direct link between the remuneration of individuals principally engaged in one activity and the remuneration of, or revenues generated by, different individuals principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (f) specifies measures to prevent or limit any person from exercising inappropriate influence over the way in which an individual carries out investment or ancillary services or activities; and
- (g) sets out measures to prevent or control the simultaneous or sequential involvement of an individual in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

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

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

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

### Delegation

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

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

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

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

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

## **The Investment Manager**

The ACD has appointed Coutts & Company to provide investment management and advisory services to the ACD under an agreement dated 23 April 2019 (the "*Investment Management Agreement*") in relation to the Funds. The *Investment Manager* has full discretion to exercise the functions, duties and powers of the ACD under the *Regulations* and the *Instrument of Incorporation* as they relate to the management of the *Scheme Property* in respect of the Funds and the *Investment Manager* has the power to make decisions on behalf of the ACD or the *Company* for that purpose.

*The Investment Management Agreement* is terminable by either party at any time having given not less than three months' prior written notice.

Termination may occur at any time if either party is in material breach and (if remediable) shall fail to make good such breach within 10 days of receipt of written notice from the other party requiring it to do so; is prevented from performing its obligations under the *Investment Management Agreement* for at least 30 consecutive days; suffers certain insolvency related events including being wound up. Termination may also occur at any time if required by applicable law or any competent regulatory authority.

The *ACD* may also terminate the *Investment Management Agreement* immediately if it believes that it is in the best interest of any of the *Fund's Shareholders* to do so. The *Investment Management Agreement* shall also terminate immediately if the *Investment Manager* ceases to be authorised for the performance of any of its obligations under the *Investment Management Agreement*. The *Investment Management Agreement* shall also terminate immediately if the *ACD* ceases to act as the *ACD* of the *Company*.

Under the *Investment Management Agreement* the *ACD* indemnifies the *Investment Manager* and its delegates (except in the case of any matter arising as a direct result of their fraud, negligence, bad faith or wilful default) against all expenses, losses, damages, liabilities, demands, charges and claims incurred as a result of the performance or non-performance by the *ACD* of its duties under the *Investment Management Agreement*.

Under the *Investment Management Agreement*, the *Investment Manager* indemnifies the *ACD* and the *Company* against all expenses, losses, damages, liabilities, demands, charges and claims (other than due to fraud, bad faith, wilful default or negligence on the part of the *ACD*) incurred as a result of the performance or non-performance by the *Investment Manager* of its of its duties under the *Investment Management Agreement*.

Coutts & Company was established in 1692 and is authorised and regulated in the UK by the PRA and regulated by the FCA in the conduct of its designated investment business in the UK. Coutts & Company carries out business in a wide range of banking and financial services including investment management. The ultimate holding company of Coutts & Company is *RBSG*, a company incorporated in the UK.

It is intended that the *Investment Manager's* fees will be paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Investment Manager* is reimbursed by the *ACD* for such of those expenses that will be incurred by it as described below under "Payments out of the Scheme Property" and will therefore be recoverable by the *ACD* from the *Company*.

## **The Administrator**

The *ACD* has appointed DST Financial Services Europe Limited to provide administration services to the *ACD* and to act as Registrar in respect of the *Company* by an agreement dated 3 September 2019

between the *ACD* and the *Administrator* (the “**Administration and Registrar Agreement**”).

The *Administrator’s* fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Administrator* is reimbursed by the *ACD* for such of those expenses as are incurred by it as are described below under “Payments out of the Scheme Property of the Company” and are therefore recoverable by the *ACD* from the *Company*.

## **Register of Shareholders**

The Register of Shareholders and any sub-plan register is maintained by the *Registrar* at its office at DST House, St Nicholas Lane, Basildon, Essex SS15 5FS and may be inspected at that address during normal business hours by any *Shareholder* or any *Shareholder’s* duly authorised agent.

*Share* certificates will not be issued.

*Shareholders* will be able to monitor their holdings in a statement showing transactions in *Shares* and current holdings which will be sent out to all *Shareholders*, or in the case of joint holdings to the first named, twice a year by the *Registrar*. The *Register* is prima facie evidence of matters properly entered in it.

If any *Shareholder* requires evidence of title to *Shares* then upon such proof of identity as it shall reasonably require the *Registrar* will provide the *Shareholder* with a certified copy of the relevant entry in the *Register*. *Shareholders* must notify the *Registrar* of any change of address.

## **The Auditors**

The Auditors of the *Company* are Ernst & Young LLP, Atria one, 144 Morrison Street, Edinburgh, EH3 8EX.

## **Delegation**

Subject to exceptions in the *COLL Sourcebook*, the *ACD* and the *Depositary* may retain (or arrange for the *Company* to retain) the services of other persons to assist them in performing their contracted functions. In relation to certain functions the *ACD* and the *Depositary* will not be liable for the actions of those appointed provided certain provisions in the *COLL Sourcebook* apply.

## **Conflicts of Interest**

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

when undertaking investment where potential conflicts of interest may arise.

The *Depositary* may, from time to time, act as the depositary of other companies and may, subject to the *COLL Sourcebook*, hold money on deposit from, lend money to, or engage in share lending transactions in relation to the *Company* provided such transactions are at arm's length.

The *COLL Sourcebook* contains provisions on conflict of interest governing any transaction concerning the *Company* which is carried out by or with any ("**Affected Person**"), an expression which covers the *Company*, the *ACD*, the *Investment Manager*, the *Depositary*, and an *Associate* of any of them.

These provisions, among other things, enable an *Affected Person* to sell or deal in the sale of property to the *Company* or the *Depositary* for the account of the *Company*; vest property in the *Company* or the *Depositary* against the issue of *Shares*; purchase property from the *Company* (or the *Depositary* acting for the account of the *Company*); enter into a stocklending transaction, or a *Derivatives* transaction permitted by the *COLL Sourcebook*, in relation to the *Company*; or provide services for the *Company*. 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 *COLL Sourcebook*. An *Affected Person* carrying out such transaction is not liable to account to the *Company*, the *Depositary*, the *ACD*, any other *Affected Person*, or to the *Shareholders* or any of them for any benefits or profits thereby made or derived.

Full details of the *ACD*'s conflicts of interest policy are available upon request by writing to the *ACD* at PO Box 9908, Chelmsford, Essex, CM99 2AF.

## **Order Execution information**

The *ACD* is responsible for the investment management of the underlying assets of the *Funds* within the *Company* and, as such, is subject to the *FCA Handbook* that applies to operators of collective investment schemes. These require all *ACDs* to meet the requirements relating to best execution when carrying out scheme management activity for its funds.

As the *ACD* has delegated (or intends to delegate) the investment management of the *Funds* to the relevant *Investment Manager*, it is the relevant *Investment Manager* who executes decisions to deal on behalf of the *Funds*. The relevant *Investment Manager* must, in accordance with the *FCA Handbook* establish and implement an order execution policy to take all sufficient steps to obtain the best possible results when executing client orders in accordance with the obligations under the *FCA Handbook*. A copy of this order execution policy is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF.

## **Voting Rights Strategy**

In accordance with the *FCA Handbook*, the *ACD* must develop strategies for determining when and how voting rights of assets held within the *Scheme Property* are to be exercised. A copy of the *ACD's* voting rights strategy, is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF. Details of the actions which the *ACD* has taken on the basis of its voting rights strategy are available, upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF.

## Fees and Expenses

---

### Payments to the ACD

#### Annual Management Charge

The *ACD* is entitled under its agreement with the *Company* to levy a management fee in respect of each *Fund*, calculated by reference to an annual percentage rate based on the *Net Asset Value* of the *Fund*, in payment for carrying out its duties and responsibilities. The current rate of management fee payable in respect of each *Class* and *Fund* is set out from page 60.

The annual management fee accrues daily and is payable monthly in arrears. For all *Funds*, the fee is calculated based on the *Net Asset Value* of the *Funds* on the last *Business Day* of each month.

Where the investment objective of a *Fund* is to treat the generation of income as a higher priority than capital growth or to treat the generation of income and capital growth as having equal priority, all or part of the *ACD's* fee and expenses may be charged against capital instead of against income provided this has first been agreed by the *ACD* and the *Depositary* and the *ACD* has given 90 days' notice in writing of the date of the change to all *Shareholders* in the *Fund* concerned. This treatment of the *ACD's* fee will increase the amount of income available for distribution to *Shareholders* in the *Fund* concerned, but may constrain capital growth. At the present time the *ACD's* fees and expenses are charged against income for all *Funds* except the Equity Income Fund\*, the Managed Income Fund and the UK Equity Fund for which they are charged to capital.

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

The *ACD* may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the *Scheme Property* of the *Company* or the *Initial Charge* unless the *ACD*:

1. has given 60 days' notice in writing of the introduction or increase and the date of its commencement to all *Shareholders* and
2. has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

If the *ACD* considers that any new category or increase in its remuneration or charges would constitute a "fundamental change" (as defined in the *COLL Sourcebook*), the *ACD* would require the prior approval of an extraordinary resolution of *Shareholders*.

\*This Fund is in the process of being terminated.

### Initial Charge

The ACD is permitted to make an *Initial Charge* upon a sale of *Shares*. The *Initial Charge* is deducted from the gross amount tendered for investment and the balance invested in the selected *Funds*. The current *Initial Charges* for each *Class* are set out in the table below.

### Table of charges

The current initial and annual management charges are as follows:

#### Class 1 Shares

Fund	Initial %	Annual %	
Extra Income Fund*	0.00	1.00	
High Yield Fund*	0.00	1.00	
Equity Income Fund*	0.00	1.25	
Growth Fund*	0.00	1.25	
Balanced Fund*	0.00	1.50	
International Growth Fund*	0.00	1.50	
Global Bond Fund	0.00	0.73	
Managed Defensive Fund	0.00	1.10	
Managed Equity Growth Fund	0.00	1.10	
Managed Growth Fund	0.00	1.10	
Managed Income Fund	0.00	1.10	
UK Equity Fund	0.00	0.91	

\* This Fund is in the process of being terminated.

#### Class 2 Shares

Fund	Initial %	Annual %	
Global Bond Fund	0.00	0.38	
Managed Defensive Fund	0.00	0.75	

Managed Equity Growth Fund	0.00	0.75	
Managed Growth Fund	0.00	0.75	
Managed Income Fund	0.00	0.75	
UK Equity Fund	0.00	0.56	

### Switching Fee

If a *Shareholder Switches Shares* in one *Fund* for *Shares* in another *Fund* the *ACD*, at its discretion, may impose a switching fee, the details of which are set out in the section headed 'Dealing Charges' on page 26.

### Registration Fee

The *ACD* shall be entitled to receive a fee out of the *Scheme Property* for providing registration services. There is no current intention to make such a charge. Before the *ACD* introduces any registration fee, it will notify *Shareholders* and revise the Prospectus as required by the *COLL Sourcebook*.

### ACD Expenses

The *ACD* is also entitled to be paid by the *Company* out of the *Scheme Property* any expenses incurred by the *ACD* or its delegates of the kinds described on page 63 under the section headed below under 'Payments out of the Scheme Property' and all other reasonable, properly vouched for, out of pocket expenses incurred in the performance of its duties.

### VAT

The charges set out above are exclusive of *VAT*. *VAT* is payable on these charges or expenses where appropriate.

### Investment Manager's, Administrator's and Registrar's Fees

The *Investment Manager's*, *Administrator's* and *Registrar's* fees and expenses will be paid by the *ACD* out of its remuneration under the *ACD Agreement* except for any such expenses that are properly the responsibility of the *Company* and may be reimbursed out of the *Scheme Property* as described on page 63 under "Payments out of the Scheme Property".

### Depositary's Fees and Expenses

#### Fees

The *Depositary's* remuneration, which is payable out of the *Scheme Property*, is a periodic charge calculated by reference to an annual percentage rate based on the value of the *Scheme Property* as is set out below, with the *Scheme Property* being valued for this purpose for all *Funds* on the same basis as for the annual management charge as set out above. The *Depositary's* remuneration accrues daily and is

payable monthly in arrears for all the *Funds*.

Currently, the *ACD* and the *Depositary* have agreed that the *Depositary's* remuneration in respect of the *Company* shall be calculated on a sliding scale as follows:

Band Range	Fees
On the first £100,000,000	0.0125 %
On the next £150,000,000	0.0090 %
On the next £250,000,000	0.0060 %
Balance over £500,000,000	0.0045%

The *Depositary's* remuneration is subject to a minimum of £15,000 per annum for each *Fund*.

The *Depositary* is also entitled to receive out of the *Scheme Property* remuneration for performing or arranging for the performance of the functions conferred on the *Depositary* by the *Instrument of Incorporation* or the *COLL Sourcebook*. The *Depositary's* remuneration under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the *Depositary's* periodic charge is to be made or as soon as practicable thereafter. Currently the *Depositary* does not receive any remuneration under this paragraph.

### Expenses

In addition to the remuneration referred to above, the *Depositary* will be entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the *Company* and each *Fund*, subject to approval by the *ACD*.

*Depositary* charges vary according to the countries in which a *Fund* invests. In addition, a charge can be levied for *Derivative* transactions.

The *Custodian* of the *Scheme Property* is entitled to receive reimbursement of the *Custodian's* fees as an expense of the *Scheme Property*. The Bank of New York Mellon (International) Limited's remuneration for acting as *Custodian* is calculated at an ad valorem rate determined by the territory or country in which the assets of the *Scheme Property* are held.

Currently, the lowest rate is 0.001% and the highest rate is 0.5%. In addition, the *Custodian* makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £2.25 to £80 per transaction where instructions are in an electronic format that enables straight-through processing (STP). Trade instructions that require manual input or repair will incur a surcharge of up to £13.

Accruals are made based on the aggregate number of transactions and value of holdings, and are paid monthly in arrears.

Subject to current HM Revenue & Customs regulations, VAT at the prevailing rate may be payable in addition to the *Depositary's* remuneration, the *Custodian's* remuneration and any expenses.

## Payments out of the Scheme Property

So far as the *Regulations* allow, the *Company* is responsible for all its other expenses. Such expenses may be paid out of the *Scheme Property* of the *Company* and include the following:

1. the fees and expenses payable to the *ACD* (which will include the fees and expenses payable to Coutts & Company as *Investment Manager*);
2. the fees and expenses payable to the *Depositary* (including all charges and expenses of any agents appointed by the *Depositary* in the discharge of its duties and all charges and expenses incurred in relation to the preparation of the *Depositary's* annual report to *Shareholders*);
3. the fees and expenses in respect of establishing and maintaining the Register of Shareholders and/or plan sub-registers and related functions;
4. expenses incurred in distributing and dispatching income and other payments to *Shareholders*;
5. fees and expenses in respect of the publication and circulation of details of *Share* prices;
6. the fees, expenses and disbursements of the *Auditors* and tax, legal and other professional advisers of the *Company*;
7. the costs of convening and holding *Shareholder* meetings (including meetings of *Shareholders* in any particular *Fund*, or any particular *Class* within a *Fund*) and of producing associated documentation;
8. the costs of preparing, printing and distributing reports, accounts and Prospectuses, (other than simplified Prospectuses) or (subject to the *COLL Sourcebook*) promotional material in respect of the *Company* and of any marketing activities undertaken by the *ACD* in relation to the *Company*, publishing prices, periodic updates of any Prospectus and any other costs incurred in connection with communicating with investors, amending the *Instrument of Incorporation*; and any other such administrative expenses;
9. taxation and duties payable by the *Company* without limitation in respect of the *Scheme Property* or the issue or redemption of *Shares*;
10. fees and expenses incurred in acquiring, disposing of and registering investments (including

brokers' commissions any issue or transfer taxes or stamp duty);

11. all taxes and corporate fees payable by the *Company* to any government or other authority or to any agency of such government or authority whether in Great Britain or elsewhere;
12. interest on borrowings and charges and expenses incurred in effecting, arising out of or terminating such borrowings or in negotiating or varying the terms of such borrowings;
13. all expenses of any nature of or incidental to deposits of cash made by the *Company*;
14. any amount payable by the *Company* under any indemnity provisions contained in the *Instrument of Incorporation* or any agreement with any functionary of the *Company* (to the extent permitted by the *Regulations*);
15. fees of the *FCA* under Schedule 1 Part III of the *Act* and the corresponding periodic fees of any regulatory authority in the country or territory outside the United Kingdom in which *Shares* are or may lawfully be marketed;
16. safe custody charges;
17. costs of dealing in the *Scheme Property* necessary to be incurred and normally shown in contract notes and similar documents;
18. royalty fees incurred for the use of stock exchange index names;
19. any liabilities on amalgamation or reconstruction of the *Company* or any *Fund* or which arise after transfer of property to the *Company* in consideration for the issue of *Shares* in accordance with the applicable rules within the *FCA Handbook*;
20. directors' remuneration in the event that the *Company* has directors in addition to the *ACD*;
21. the fees and expenses incurred in establishing any new share class and/or *Funds*, the listing of *Shares* on any stock exchange, any offer of *Shares* (including the preparation and printing of any Prospectus) and the creation, *Conversion* and cancellation of *Shares*;
22. any payments otherwise due by virtue of the applicable rules of the *FCA Handbook*; and
23. any *VAT* or similar tax payable on these charges.

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

Fees and expenses are allocated between capital and income in accordance with the *Regulations* and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (now the Investment Association) as of May 2014 and for the time being in force.

For the avoidance of doubt, costs for research incurred by the Investment Manager are not charged to the *Funds*.

### **Allocation of Fees and Expenses between Funds**

All the above fees and expenses (other than those borne by the *ACD*) will be charged to the *Fund* in respect of which they were incurred but where an expense is not considered to be attributable to any one *Fund*, the expenses will be allocated by the *ACD* in a manner which is fair to *Shareholders* generally. They will normally be allocated to all *Funds* pro rata to the value of the net assets of the relevant *Funds*.

Fees and expenses specific to a *Class* will be allocated to that *Class*. They will otherwise be allocated in a manner which is fair to *Shareholders* generally and will normally be allocated to all *Classes* pro rata to the value of the net assets of the relevant *Class*.

The annual management charge will be attributed to the *Class* of *Shares* in respect of which it is imposed.

### **Value Added Tax**

Where this Prospectus provides that a consideration shall be paid for the supply of goods or services, such consideration is stated as exclusive of *VAT*.

# Instrument of Incorporation

---

The *Instrument of Incorporation* of the *Company* (which is available for inspection at the *ACD's* offices at 24-25 St Andrew Square, Edinburgh, EH2 1AF) contains provisions to the following effect:

## Object

The object of the *Company* will be to invest the *Scheme Property* mainly in transferable securities, *Derivatives*, deposits and units in collective investment schemes permitted by the *COLL Sourcebook* for UCITS schemes with the aim of spreading investment risk and giving its *Shareholders* the benefit of the results of the management of that property.

## Shares and Share Classes

1. The *Company* may from time to time issue *Shares* of different *Classes* in respect of a *Fund* and the *ACD* may by resolution from time to time create additional *Classes* (whether or not falling within one of the *Classes* in existence on incorporation).
2. The *ACD* may by a resolution from time to time create additional *Funds* with such investment objectives and such restrictions as to geographic area, economic sector, monetary zone or category of investment, and denominated in such currencies, as the directors from time to time determine.

## Transfer of Shares

1. All transfers of registered *Shares* must be effected by transfer in any usual or common form or in any other form as may be approved by the *ACD*. The transfer must be in writing unless the *ACD* decides otherwise. The signature on the instrument of transfer may be affixed manually or electronically and may be an actual signature or a facsimile signature. The *ACD* need not enquire as to the genuineness of any signature.
2. No instrument of transfer may be given in respect of more than one *Class*.
3. In the case of a transfer to joint holders, the number of joint holders to whom a *Share* is to be transferred may not exceed four.
4. Unless the *ACD* in its discretion decides otherwise, no transfer may result in either the transferor or the transferee holding fewer *Shares* of the *Class* concerned or *Shares* having a lesser aggregate value than any number or value as is stated in the Prospectus as the minimum which may be held.

## **Number of Directors**

Unless otherwise determined by the *ACD* the number of directors shall not at any time exceed one.

## **Removal of ACD**

The *Company* may by ordinary resolution remove the *ACD* before the expiration of its period of office, notwithstanding anything in the *Instrument of Incorporation* or in any agreement between the *Company* and the *ACD*, but the removal will not take effect until the *FCA* has approved it and a new *ACD* approved by the *FCA* has been appointed.

## **Amendments and Priority**

The *Instrument of Incorporation* may be amended by resolution of the *ACD* to the extent permitted by the *COLL Sourcebook*.

In the event of any conflict arising between any provision of the *Instrument of Incorporation* and the *Regulations*, the *Regulations* will prevail.

## **Indemnity**

The *Instrument of Incorporation* contains provisions indemnifying every director, other officer, the *Depositary* and the *Auditors* against liability incurred in defending proceedings for negligence, default, breach of duty or breach of trust in relation to the *Company* in which judgment is given in its favour or it is acquitted or in relation to which relief is granted by the court in accordance with Regulation 63 of the *OEIC Regulations*, unless any such liability is recovered from any other person.

As far as the *Regulations* allow, the *Company* may advance expenses in connection with the preparation and presentation of a defence to the proceedings mentioned above prior to the outcome of the proceedings if the recipient undertakes to repay the amount advanced if it is ultimately determined that that person was not entitled to indemnification.

## Meetings and Voting Rights

---

### General Meeting

All general meetings shall be called Extraordinary General Meetings. The *Company* will not convene any Annual General Meetings.

### Requisitions of Meetings

The *ACD* may requisition a general meeting of *Shareholders* at any time.

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

### Notice and Quorum

*Shareholders* will receive at least 14 days' written notice of a general meeting inclusive of the date on which the notice is served and the day of the meeting. The quorum for a meeting is two *Shareholders* present in person or by proxy. The quorum for an adjourned meeting is one *Shareholder* present in person or by proxy or in the case of a corporation, by a duly authorised representative.

Notices of meetings, adjourned meetings or documents will be sent to *Shareholders* in writing by post at their registered addresses.

### Voting Rights

Generally, *Shareholders* are entitled to receive notice of a meeting and to vote at a meeting if they were holders of *Shares* in the *Company* on the date seven days before the notice is sent out. This will not, however, include those who are known to the *ACD* not to be holders at the date of the meeting.

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

On a poll vote, a *Shareholder* may vote either in person or by proxy. The voting rights attaching to each *Share* in such a case are such proportion of the voting rights attached to all the *Shares* in issue as the price of the *Shares* bears to the aggregate price(s) of all the *Shares* in issue at the date seven days before the notice of meeting is sent out.

An instrument appointing a proxy may be in any usual or common form, or any form approved by the *ACD*. The person appointed to act as a proxy need not be a *Shareholder*.

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

The *ACD* is entitled to attend any meeting but, except in relation to third party *Shares*, may not vote or be counted in the quorum for a meeting and any *Shares* it holds are treated as not being in issue for the purposes of the meeting. An *Associate* of the *ACD* is entitled to attend any meeting of the *Company* and may be counted in the quorum, but may not vote except in relation to third party *Shares*. For these purposes third party *Shares* are any *Shares* which the *ACD* or *Associate* holds on behalf of or jointly with a person who, if the registered *Shareholder*, would be entitled to vote and from whom the *ACD* or *Associate* has received voting instructions.

## **Powers of a Shareholders' Meeting**

The *Company's Instrument of Incorporation* and the *COLL Sourcebook* empower *Shareholders* in general meeting to approve or require various steps (generally subject to *FCA* approval).

These matters include:

- removal of the *ACD*
- changes to some of the matters contained in the *Instrument of Incorporation* and this Prospectus
- the amalgamation or reconstruction of the *Company*.

In accordance with the *COLL Sourcebook*, other provisions may be changed by the *ACD* without the approval of *Shareholders* in a general meeting.

There are circumstances, however, in which the *COLL Sourcebook* or the *Instrument of Incorporation* require an extraordinary resolution which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed, for example, changes to the investment objectives of a *Fund*.

## **Proceedings at General Meetings**

A person nominated by the *Depositary* will preside as chairman at general meetings. If no such person is present or declines to take the chair, the *Shareholders* present may choose one of their number to be chairman of the meeting.

The chairman of any quorate meeting may with the consent of the meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the meeting to adjourn he must do so. No business can be transacted at an adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

*Shareholders* have rights under the *COLL Sourcebook* to demand a poll. In addition, a poll may be demanded by the chairman of the meeting or by the *ACD* on any resolution put to the vote of a general meeting.

Unless a poll is required, a declaration by the chairman that a resolution has been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings will be taken without proof, as conclusive evidence of that fact. If a poll is required, it will be taken in such manner (including the use of ballot papers or electronic or computer voting system) as the chairman may direct.

The chairman of a general meeting may take any action he considers appropriate for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority. He may, for example, require any people to prove who they are, carry out security searches, and stop certain things being taken into the meeting. The chairman may on reasonable grounds refuse to allow any person into a meeting, or may arrange for any person who refuses to comply with any reasonable requirements imposed under this clause to be removed from a meeting. The *ACD* may arrange for any people whom it considers cannot be seated in the main meeting room (where the chairman will be) to attend and take part in a general meeting in an overflow room or rooms. Any overflow room will have a live video link from the main room, and a two-way sound link. The notice of the meeting need not give details of any arrangements under this clause. The *ACD* may decide how to divide people between the main room and any overflow room. If any overflow room is used, the meeting will be treated as being held, and taking place, in the main room.

## **Corporations Acting by Representatives**

Any corporation which is a *Shareholder* may by resolution of its directors or other governing body and in respect of any *Share* or *Shares* of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the *Shareholders* or of any *Class* or *Fund* meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such *Share* or *Shares* if it were an individual *Shareholder* and such corporation shall be deemed to be present in person if an individual so authorised is present.

A corporation which holds *Shares* as nominee may appoint more than one such representative, each in respect of a specified number of *Shares* which the corporation holds, and each such representative shall be entitled to exercise the powers mentioned above only in respect of the *Shares* concerned.

Any corporation which is a *Director* of the *Company* may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the *Shareholders*, or of any *Class* or *Fund* meeting or any meeting of the *Directors*. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation could exercise if it were an individual *Director* and such corporation shall be deemed to be present in person if an individual so authorised is present.

### **Class and Fund Meetings**

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

### **Variation of Class Rights**

The rights attached to a *Class* may only be varied with the sanction of a resolution passed at a meeting of *Shareholders* of that *Class* or *Fund* by a 75% majority of those votes validly cast for and against such resolution.

# Taxation

---

## General and Disclaimer

The following is an outline of the *ACD's* understanding of current UK taxation legislation and HM Revenue and Customs (HMRC) practice that applies to the *Funds* and investments in the *Funds*. It is meant as a general guide only and should not be considered to be tax advice. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely and will not be subject to retrospective change. The taxation position of *Shareholders* will be affected by their own circumstances and *Shareholders* should consult their professional advisers for specific advice in connection with any decision to acquire, hold or dispose of *Shares*. *Shareholders* may be subject to taxation in a country other than the UK, for example because they reside or were established in that other country.

The guidance may not apply to special categories of *Shareholder* such as non-UK residents, individuals who are UK resident but non-domiciled, dealers in securities, life insurance companies, pension funds or charities.

## The Funds

Each *Fund* will be treated as a separate entity for UK tax purposes. The *Funds* are liable to corporation tax at a rate of 20% on their net income, excluding dividends which will generally not be subject to UK tax. Each *Fund* does not generally pay UK tax on any gains arising from the disposal of investments held and is not normally liable on capital profits, gains or losses arising in respect of loan relationships or *Derivatives*.

Each *Fund* may be subject to withholding taxes on income or gains which may be irrecoverable. Where irrecoverable foreign withholding tax is incurred each *Fund* may be entitled to offset some or all of any foreign tax suffered on its overseas income against its liability to corporation tax to the extent that overseas income is subject to UK corporation tax.

Each *Fund* may incur Stamp Duty or transfer taxes on the purchase, sale or transfer of assets which may impact the value of an investor's holding.

## Shareholders

*Shareholders* may potentially suffer tax both on any income they receive from their *Shares* and on any profit they realise on disposing of their *Shares*.

## Income Equalisation

The price of a *Share* is based on the value of that share class's proportionate interest in the relevant *Sub-fund* including its proportionate interest in the income of the *Fund* since the preceding distribution or, in

the case of *Accumulation Shares*, deemed distribution. In the case of the first distribution received a part of the amount, namely the equalisation payment, is a return of capital and is not taxable as income in the hands of the *Shareholder*. However, this amount must be deducted from the cost of the *Share* in computing any capital gains on disposals of *Income Shares*.

In the case of *Accumulation Shares*, no adjustment need be made to the cost of the *Share* for the purposes of capital gains tax.

Equalisation does not apply to *Shares* already held at the beginning of the accounting period. It applies only to *Shares* purchased during the relevant accounting period.

### **Accumulation Shares and income**

*Shareholders* holding *Accumulation Shares* will not receive income from their *Shares*. Any income is automatically accumulated and is reflected in the price of each *Accumulation Share*. No *Initial Charge* is levied on this accumulation. This does not affect the tax treatment of the accumulated income which will be taxed in the hands of the *Shareholder* as a distribution, in the same way as a normal distribution on an *Income Share* (for further information see the below sections). Tax vouchers for *Accumulation Shares* will be issued in respect of income earned and accumulated. Any income accumulated will be treated as an extra cost in calculating the profit arising on the disposal of the *Accumulation Shares* for capital gains tax purposes.

### **Bond Fund**

If at any time in the period a *Fund* fails to meet the “qualifying investments” test the *Fund* will be considered a ‘Bond Fund’. Generally, a *Fund* is considered to have failed the “qualifying investments” test if at some point during the accounting period the value of its interest paying investments (e.g. gilts and bonds) exceed 60% of the value of the *Fund*.

The Extra Income Fund\*, the High Yield Fund\* and the Global Bond Fund are all expected to be considered to be Bond Funds.

\*This Fund is in the process of being terminated.

### **ISA (Individual Savings Account)**

It is possible to invest in all *Classes of Shares* in a *Fund* via an ISA. There are limits as to the amount that can be invested into an ISA in a tax year.

- **Distributions**

A distribution or accumulation from *Shares* held via an ISA is not taxable in the UK.

- **Profits on disposal of Shares**

Any profits arising from the disposal of *Shares* held via an ISA are not taxable in the UK.

## UK Resident Individual Shareholders

- **Distributions and accumulations**

Depending on the income of the *Fund* itself, distributions or accumulations may be taxed as either dividends or interest. Bond Fund distributions or accumulations are taxed as interest distributions, and all other fund distributions or accumulations will be taxed as dividends.

Shareholders may be entitled to a Dividend Allowance. Dividend distributions or accumulations are received gross of tax and *Shareholders* receiving total dividend income of less than the Dividend Allowance in the tax year will have no further tax to pay.

Basic rate and higher rate taxpayers may be entitled to a Personal Savings Allowance in relation to interest earned – which includes interest distributions and accumulations from the Bond *Funds*. In addition, non-taxpayers will pay no tax on any such interest earned.

Interest distributions or accumulations are now received or accumulated gross, without the deduction of income tax.

### Profits on disposal of Shares

1. Profits arising on the disposal of *Shares* held in a *Fund* are subject to capital gains tax. Part of any increase in value of *Accumulation Shares* is accumulated income. This may be added to the acquisition cost when calculating the capital gain.
2. If the total gains realised from all sources by an individual *Shareholder* in a tax year, after deducting allowable losses, are less than the Annual Exemption, there is no tax to pay. If your total chargeable gains in any tax year are more than your Annual Exemption, capital gains tax will be payable at the applicable rate. We will not deduct capital gains tax on your behalf; you must declare any taxable gains to HM Revenue & Customs.
3. Capital gains tax may be payable if *Shares* are exchanged for *Shares* of a different *Fund*. The profit arising on such an exchange will be calculated by reference to the market value of the relevant *Shares* at the date of the exchange. If *Shares* in a *Fund* are exchanged for *Shares* in a different *Class* in the same *Fund*, capital gains tax should generally not be payable and the *Shares* should be treated as if they were acquired at the same time and in the same way as the *Original Shares* for capital gains tax purposes.

## UK Resident Corporate Shareholders

- **Distributions**

Depending on the income of the *Fund* itself, distributions may be either dividend distributions or interest distributions.

1. Interest distributions will be paid gross, without the deduction of income tax.
2. Dividend distributions have to be split into that part which relates to franked investment income of the *Fund*, (which would generally include all dividend income of the *Fund*), and that part which relates to the other income and is classified as an annual payment. Where the *Fund* has obtained relief against its liability to corporation tax for foreign tax incurred, a proportionate part of such annual payment will be deemed to be foreign income with a credit for foreign tax.

- **Increase in value of Shares**

Any UK Resident Corporate Investor holding *Shares* in a *Fund* which is considered to be a 'Bond Fund' must treat the *Fund* holding as a creditor relationship. Otherwise the holding will fall within the capital gains regime, so corporation tax will be payable on any subsequent chargeable gain realised on the disposal of the *Shares*.

- **Profits on disposal of Shares**

1. Any profit arising on the disposal of *Shares* of a Bond *Fund* is subject to corporation tax under the rules for the taxation of loan relationships, and reflects any amounts already recognised under these rules.
2. Any profit arising on the disposal of *Shares* of a *Fund* that is not a Bond Fund is subject to corporation tax on chargeable gains.
3. As with individual UK resident *Shareholders* a tax charge can also arise if *Shares* are exchanged for *Shares* in a different *Fund*. Such a charge will not arise if one *Class* of *Share* is exchanged for another *Class* of *Shares* in the same *Fund*, except in the case of *Funds* that make interest distributions.

## **Compliance with tax reporting requirements**

As part of the process of buying *Shares*, and at various points throughout ownership of *Shares*, investors in a *Fund* will be required to provide the *ACD* (or its delegate) with any information that the *Company* or the *Fund* considers necessary to enable compliance with domestic (and any overseas) mandatory tax reporting obligations. This may be in addition to information required for anti-money laundering purposes.

The Foreign Account Tax Compliance Act ("**FATCA**") provisions impose a US federal reporting and withholding tax regime with respect to certain US source income (including dividends and interest) and proceeds from the sale or other disposal of property that can produce certain US source income.

The UK has entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the US. The *Company* will

be obliged to comply with the provisions of FATCA under the terms of UK legislation implementing the UK/US IGA (the “**UK IGA Legislation**”). UK financial institutions that comply with the requirements of the UK IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA (“FATCA Withholding”). The *Company* expects that it will be considered to be a UK financial institution that will need to comply with the requirements of the UK IGA Legislation and, as a result of such compliance, the *Company* should not be subject to FATCA Withholding. However, there can be no guarantee or assurance that the *Company* will be able to comply with all the requirements imposed by the UK IGA Legislation. In the event that the *Company* is not able to comply with the requirements imposed by the UK IGA Legislation, the *Company* may incur FATCA Withholding tax on certain withholdable payments, which may have an adverse effect on the net asset value of a *Fund* and/or the *Company*.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, UK and other IGA governments, and the rules may change. *Shareholders* should contact their own tax advisers regarding the application of FATCA to their particular circumstances.

In addition, The Common Reporting Standard (“**CRS**”) framework was first released by the OECD in February 2014. To date, more than 150 jurisdictions have publically committed to implementation, including the United Kingdom. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the “**Standard**”) was published, involving the use of two main elements, the Competent Authority Agreement (“**CAA**”) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (“**FI**”)s relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

The United Kingdom is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while The International Tax Compliance Regulations 2015 (as amended by 2015 No. 1839, 2016 No. 899, 2017 No. 598) contain measures necessary to implement the CRS, giving effect to the CRS from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. The United Kingdom’s International Tax Compliance Regulations 2015 contained measures necessary to implement the DAC II.

Under the Regulations reporting financial institutions, are required to collect certain information on accountholders and on certain Controlling Persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number, and the account balance or value at the end of each calendar year and income received, during each calendar year) to identify accounts which are reportable to HMRC. HMRC shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information ("**AEOI**") webpage on <https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information>.

Shareholders shall provide information upon request from the *ACD*, *Company* or the *Fund* which relates to tax reporting requirements. Please note that the *ACD*, *Company* and the *Fund* will rely on self-certification provided by *Shareholders* with regard to their overseas tax status. *Shareholders* who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of overseas tax reporting on their interest in a *Fund*.

## Winding up of the Company and Termination of Funds

---

The *Company* may only be wound up and a *Fund* may only be terminated under the *COLL Sourcebook* or as an unregistered company under Part V of the Insolvency Act 1986.

Winding up of the *Company* or termination of a *Fund* under the *COLL Sourcebook* may only be commenced following approval by the *FCA*. The *FCA* may only give such approval if the *ACD* provides a statement (following a full enquiry into the affairs, business and property of the *Company* or the *Fund* (as the case may be)) either that the *Company* or the *Fund* will be able to meet its liabilities (including contingent and prospective) within 12 months of the date of the statement or that the *Company* or the *Fund* will be unable to do so. The *Company* or the *Fund* may not be wound up under the *COLL Sourcebook* if there is a vacancy in the position of the *ACD* at the relevant time.

Subject to the above, the *Company* or a *Fund* will be wound up or terminated under the *COLL Sourcebook*:

1. If an extraordinary resolution of the *Company* or the *Fund* (as the case may be) to that effect is passed by *Shareholders*; or
2. If the share capital of the *Company* is below its prescribed minimum or (in relation to any *Fund*) the *Net Asset Value* of the *Fund* is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the *ACD*'s opinion, it is desirable to wind up the *Company* or to terminate the *Fund*; or
3. If the *FCA* agrees to a request by the *ACD* for the revocation of the authorisation order in respect of the *Company* or the relevant *Fund*.

Following the occurrence of any of the above:

1. *COLL* 6.2 (Dealing), *COLL* 6.3 (Valuation and Pricing) and *COLL* 5 (Investment and Borrowing Powers) will cease to apply to the *Company* or the particular *Fund*;
2. the *Company* will cease to issue and cancel *Shares* in the *Company* or the particular *Fund*;
3. the *ACD* shall cease to sell or redeem *Shares* or arrange for the *Company* to issue or cancel them for the *Company* or the particular *Fund*;

4. no transfer of a *Share* shall be registered and no other change to the *Register* shall be made without the sanction of the *ACD*;
5. where the *Company* is being wound-up, the *Company* shall cease to carry on its business except in so far as it is beneficial for the winding up of the *Company*;

The corporate status and powers of the *Company* and, subject to the provisions of 1 to 5 above, the powers of the *ACD* shall remain until the *Company* is dissolved.

Winding up under the *COLL Sourcebook* is carried out by the *ACD*. The *ACD* shall, as soon as practicable after the *Company* or the *Fund* falls to be wound up or terminated, realise the assets and meet the liabilities of the *Company* or the *Fund* (as the case may be) and, after paying or making adequate provisions for the costs of winding up and for all liabilities properly payable, may arrange for the *Depositary* to make one or more interim distributions out of the remaining *Funds* (if any) to *Shareholders* in proportion to their rights to participate in the *Scheme Property* of the *Company* or the *Fund*.

When the *ACD* has caused all the *Scheme Property* to be realised and all of the liabilities of the *Company* or the particular *Fund* known to the *ACD* to be realised, the *ACD* will arrange for the *Depositary* to make a final distribution to *Shareholders* on or prior to the date on which the final account is sent to *Shareholders* of any balance remaining (net of a provision for any future expenses of the *Company* or *Fund*) in proportion to their holdings in the *Company* or the particular *Fund*.

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

As soon as reasonably practicable after the completion of the winding up of the *Company*, the *Depositary* shall notify the *FCA* that the winding-up has been completed.

Following the completion of a winding up of the *Company* or termination of a *Fund*, the *ACD* must prepare a final account showing how the winding up was conducted and how the *Scheme Property* was distributed. The *Company's Auditors* shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. Within four months of the end of the final accounting period this final account and the *Auditors'* report must be sent to the *FCA*, and to each affected *Shareholder* (or the first named in the case of joint holders).

## General Information

---

### Reports and Accounts

Annual reports of the *Company* will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period.

The reports and accounts for the *Company* are available on request from the *ACD* or on our customer web pages:

[http://personal.rbs.co.uk/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html)

or

[http://personal.natwest.com/personal/investments/existing-customers/Key\\_Customer\\_Documents.html](http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html)

### Documents of the Company

The following documents may be inspected free of charge between 9am and 5pm on every *Business Day* at the offices of the *ACD* at 24-25 St Andrew Square, Edinburgh, EH2 1AF:

1. the most recent annual and half-yearly reports of the *Company*;
2. the most recent Prospectus of the *Company*.
3. the *Instrument of Incorporation* (and any amending instrument of incorporation);
4. the material contracts referred to below; and
5. information relating to the *Company's* risk management policy, quantitative limits and methods used and recent developments.

Copies of the above documents may be obtained from the above address. The *ACD* may make a charge at its discretion for copies of documents (other than those set out at 1 and 2 above).

### Material Contracts

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

1. the *ACD Agreement* dated 12 November 2013 (as amended) between the *Company* and the *ACD*; and

2. the *Depositary Agreement* dated 27 February 2019 between the *Company*, the *ACD* and the *Depositary*.

## **Property**

There is no intention for the *Company* to have an interest in any immovable property or tangible moveable property.

## **Complaints**

Complaints may be referred to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF or if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, Isle of Dogs, London E14 9SR.

Further details may be obtained from the Compliance officer of the *ACD* at RBS Collective Investment Funds Limited, 24-25 St Andrew Square, Edinburgh EH2 1AF.

## **Notices**

Notices and documents shall be sent to *Shareholders* at their registered address.

## Appendix I - Investment Objectives, Investment Policies and Share Classes

### EXTRA INCOME FUND\*

FCA Product Reference Number ("PRN"): 641928

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
To provide a high and stable level of income.	<p>The <i>Fund</i> will invest in UK and European fixed income securities.</p> <p>For liquidity management purposes the <i>Fund</i> may also invest in other transferable securities, deposits and units or shares in collective investment schemes.</p>	Net <i>Income Shares</i> in <i>Class 1</i>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a low to medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a low to medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.</p>

\*This Fund is in the process of being terminated.

### HIGH YIELD FUND\*

FCA Product Reference Number ("PRN"): 641929

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
To provide a high level of income.	<p>The <i>Fund</i> will invest in a portfolio of fixed interest securities, principally in securities issued by corporates and supranationals, preference shares and convertibles. The <i>Fund</i> will not be restricted to any particular geographic regions.</p> <p>For liquidity management purposes</p>	Net <i>Income Shares</i> in <i>Class 1</i>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a low to medium tolerance for risk; they accept that the</p>

the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes.

value of their investment may fluctuate and they have a low to medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

\*This Fund is in the process of being terminated.

### EQUITY INCOME FUND\*

FCA Product Reference Number ("PRN"): 641930

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
To achieve a yield higher than the FT Actuaries All Share Index, with the prospect of rising income and growth in the value of shares.	<p>The <i>Fund</i> will be invested in United Kingdom securities, principally in UK equities judged to offer high yields and long term growth prospects, with a small exposure to international equity and bond markets.</p> <p>For liquidity management purposes the <i>Fund</i> may also invest in other transferable securities, deposits and units or shares in collective investment schemes.</p>	Net <i>Income Shares</i> in <i>Class 1</i>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a medium to high tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium to high tolerance to bear losses to their capital. The minimum investment horizon is 5 years.</p>

\*This Fund is in the process of being terminated.

## BALANCED FUND\*

FCA Product Reference Number (“PRN”): 641933

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
<p>Long term capital appreciation and income.</p>	<p>The <i>Fund</i> will invest in a mixed portfolio of equities and bonds. Allocations to bonds, equities and cash will vary over time. The <i>ACD</i> intends to place equal emphasis on the generation of income and capital growth. The <i>ACD</i> does not intend to pursue any particular geographic emphasis in investing the property.</p> <p>For liquidity management purposes the <i>Fund</i> may also invest in other transferable securities, deposits and units or shares in collective investment schemes.</p>	<p>Net <i>Income Shares</i> in <i>Class 1</i>                      Net <i>Accumulation Shares</i> in <i>Class 1</i></p>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.</p>

\*This Fund is in the process of being terminated.

## GROWTH FUND\*

FCA Product Reference Number (“PRN”): 641931

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
----------------------	-------------------	--------------------------	-----------------------------

Long term capital appreciation.	<p>The <i>Fund</i> will invest principally in UK equities based on price and prospects of above average earnings growth. The <i>Fund</i> may have a small exposure to international equity and bond markets.</p> <p>For liquidity management purposes the <i>Fund</i> may also invest in other transferable securities, deposits and units or shares in collective investment schemes.</p>	Net <i>Accumulation Shares</i> in <i>Class 1</i>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a medium to high tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium to high tolerance to bear losses to their capital. The minimum investment horizon is 5 years.</p>
---------------------------------	--	--	--

\*This Fund is in the process of being terminated.

### INTERNATIONAL GROWTH FUND\*

FCA Product Reference Number ("PRN"): 641932

Investment Objective	Investment Policy	Class of Share Available	Profile of Typical Investor
Long term capital appreciation.	<p>The <i>Fund</i> will invest in a well diversified portfolio of global shares. The <i>Fund</i> may be invested in any recognised stock exchange worldwide. There is no limit to the amount of the portfolio which may be invested in any one market.</p> <p>For liquidity management purposes the <i>Fund</i> may also invest in other transferable securities, deposits and units or shares in collective investment schemes.</p>	Net <i>Accumulation Shares</i> in <i>Class 1</i>	<p>This <i>Fund</i> is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).</p> <p>A typical investor in the <i>Fund</i> has a medium to high tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium to high tolerance to bear losses to their capital. The minimum investment horizon is 5 years.</p>

\*This Fund is in the process of being terminated.

## GLOBAL BOND FUND

FCA Product Reference Number ("PRN"): 826988

### **Investment Objective**

To provide a regular income over the long term.

### **Investment Policy**

To achieve a broad exposure to UK and overseas bonds, principally those issued by companies and supranational & governmental bodies. The *Fund* will do this by investing in a range of other funds as well as investing directly in bonds. Bonds may be *Investment Grade*, or where unrated deemed equivalent thereto by the *Investment Manager*, or may be sub-*Investment Grade*. The *Fund* will be managed relative to a benchmark shown below (the "Benchmark"). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund's* performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes, as well as for hedging and *Efficient Portfolio Management*.

### **Benchmark for Global Bond Fund**

Asset Class	Benchmark	Weight
Investment Grade Corporate Bonds	Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP	75%
Sub-Investment Grade Corporate Bonds	Bloomberg Barclays Global High Yield TR Index Value Hedged GBP	25%

The *Benchmark* above has been selected to determine the level of risk for the *Fund*. Indices used within the *Benchmark* to represent particular asset classes have been chosen to provide an appropriate representation of those asset classes and due to the relevant data being made available by the *Benchmark Administrator* at a reasonable cost.

### **Class of Share Available**

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### **Profile of Typical Investor**

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in bonds (capital markets).

A typical investor in the *Fund* has a low to medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a low to medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The *Benchmark* is administered by Bloomberg Index Services Limited who are not currently listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority. As an existing EU benchmark administrator providing benchmarks on 30 June 2016, Bloomberg Index Services Limited have until 1 January 2020 to become an authorised benchmark administrator for the purposes of the EU Benchmark Regulation. Transitional provisions allow Bloomberg Index Services Limited to continue to provide its existing benchmarks until 1 January 2020.

## MANAGED DEFENSIVE FUND

FCA Product Reference Number (“PRN”): 826992

### **Investment Objective**

To provide an increase in value over the long term. The return will reflect income received with some potential for capital appreciation.

### **Investment Policy**

The *Fund* will be primarily exposed to lower risk assets, such as UK and overseas bonds, while retaining a material exposure to higher risk assets such as UK and overseas equity shares. The *Fund* will do this by investing in a range of other funds and directly in bonds and equity shares with allocations determined by the *Investment Manager*. The *Fund* also has the potential to invest in alternative asset classes including property funds and alternative investment funds. The *Fund* will be managed relative to a benchmark shown below (the “Benchmark”). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund*'s performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes as well as for *Efficient Portfolio Management* purposes.

### **Benchmark for Managed Defensive Fund**

<b>Asset Class</b>	<b>Benchmark</b>	<b>Weight</b>
Government Bonds	Bloomberg Barclays Sterling Gilts TR Index Value GBP	43%
Investment Grade Corporate Bonds	Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP	22%
UK Equity shares	MSCI United Kingdom Index (GBP)	14%
Global ex UK Equity shares	MSCI ACWI Ex UK Index (GBP)	21%

The *Benchmark* above has been selected to determine the level of risk for the *Fund*. Indices used within the *Benchmark* to represent particular asset classes have been chosen to provide an appropriate representation of those asset classes and due to the relevant data being made available by the *Benchmark Administrator* at a reasonable cost.

### **Class of Share Available**

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### **Profile of Typical Investor**

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in

equities and bonds (capital markets).

A typical investor in the *Fund* has a low to medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a low to medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The Bloomberg Barclays Sterling Gilts TR Index Value GBP and Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP are administered by Bloomberg Index Services Limited who are not currently listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority. As an existing EU benchmark administrator providing benchmarks on 30 June 2016, Bloomberg Index Services Limited have until 1 January 2020 to become an authorised benchmark administrator for the purposes of the EU Benchmark Regulation. Transitional provisions allow Bloomberg Index Services Limited to continue to provide its existing benchmarks until 1 January 2020.

The MSCI United Kingdom Index (GBP) and MSCI ACWI Ex UK Index (GBP) are administered by MSCI Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

## MANAGED EQUITY GROWTH FUND

FCA Product Reference Number ("PRN"): 826990

### **Investment Objective**

To provide an increase in value over the long term. The majority of the return is expected to be from capital appreciation with some potential for income generation.

### **Investment Policy**

The *Fund* will be predominantly exposed to higher risk assets, such as UK and overseas shares, while retaining some exposure to lower risk assets, such as UK and overseas bonds. The *Fund* will do this by investing in a range of other funds and directly in bonds and equity shares with allocations determined by the *Investment Manager*. The *Fund* also has the potential to invest in alternative asset classes including property funds and alternative investment funds. The *Fund* will be managed relative to a benchmark shown below (the "Benchmark"). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund's* performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes as well as for *Efficient Portfolio Management* purposes.

### **Benchmark for Managed Equity Growth Fund**

Asset Class	Benchmark	Weight
Government Bonds	Bloomberg Barclays Sterling Gilts TR Index Value GBP	7%
Investment Grade Corporate Bonds	Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP	3%
UK Equity shares	MSCI United Kingdom Index (GBP)	36%
Global ex UK Equity shares	MSCI ACWI Ex UK Index (GBP)	54%

The *Benchmark* above has been selected to determine the level of risk for the *Fund*. Indices used within the *Benchmark* to represent particular asset classes have been chosen to provide an appropriate representation of those asset classes and due to the relevant data being made available by the *Benchmark Administrator* at a reasonable cost.

### **Class of Share Available**

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### **Profile of Typical Investor**

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in

equities and bonds (capital markets).

A typical investor in the *Fund* has a medium to high tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium to high tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The Bloomberg Barclays Sterling Gilts TR Index Value GBP and Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP are administered by Bloomberg Index Services Limited who are not currently listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority. As an existing EU benchmark administrator providing benchmarks on 30 June 2016, Bloomberg Index Services Limited have until 1 January 2020 to become an authorised benchmark administrator for the purposes of the EU Benchmark Regulation. Transitional provisions allow Bloomberg Index Services Limited to continue to provide its existing benchmarks until 1 January 2020.

The MSCI United Kingdom Index (GBP) and MSCI ACWI Ex UK Index (GBP) are administered by MSCI Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

## MANAGED GROWTH FUND

FCA Product Reference Number ("PRN"): 826989

### **Investment Objective**

To provide an increase in value over the long term. The majority of the return is expected to be from capital appreciation with some potential for income generation.

### **Investment Policy**

The *Fund* will be primarily exposed to higher risk assets, such as UK and overseas shares, while retaining some exposure to lower risk assets, such as UK and overseas bonds. The *Fund* will do this by investing in a range of other funds and directly in bonds and equity shares with allocations determined by the *Investment Manager*. The *Fund* also has the potential to invest in alternative asset classes including property funds and alternative investment funds. The *Fund* will be managed relative to a benchmark shown below (the "Benchmark"). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund's* performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes as well as for *Efficient Portfolio Management* purposes.

### **Benchmark for Managed Growth Fund**

<b>Asset Class</b>	<b>Benchmark</b>	<b>Weight</b>
Government Bonds	Bloomberg Barclays Sterling Gilts TR Index Value GBP	17%
Investment Grade Corporate Bonds	Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP	8%
UK Equity shares	MSCI United Kingdom Index (GBP)	30%
Global ex UK Equity shares	MSCI ACWI Ex UK Index (GBP)	45%

The *Benchmark* above has been selected to determine the level of risk for the *Fund*. Indices used within the *Benchmark* to represent particular asset classes have been chosen to provide an appropriate representation of those asset classes and due to the relevant data being made available by the *Benchmark Administrator* at a reasonable cost.

### **Class of Share Available**

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### **Profile of Typical Investor**

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in

equities and bonds (capital markets).

A typical investor in the *Fund* has a medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The Bloomberg Barclays Sterling Gilts TR Index Value GBP and Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP are administered by Bloomberg Index Services Limited who are not currently listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority. As an existing EU benchmark administrator providing benchmarks on 30 June 2016, Bloomberg Index Services Limited have until 1 January 2020 to become an authorised benchmark administrator for the purposes of the EU Benchmark Regulation. Transitional provisions allow Bloomberg Index Services Limited to continue to provide its existing benchmarks until 1 January 2020.

The MSCI United Kingdom Index (GBP) and MSCI ACWI Ex UK Index (GBP) are administered by MSCI Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

## MANAGED INCOME FUND

FCA Product Reference Number ("PRN"): 826991

### Investment Objective

To provide a regular income, with some potential for growth over the long term.

### Investment Policy

To achieve a diversified exposure to investments in the UK and overseas, including equity shares and bonds. The *Fund* will do this by investing in a range of other funds and directly in bonds and equity shares with allocations determined by the *Investment Manager*. The *Fund* also has the potential to invest in alternative asset classes including property funds and alternative investment funds. The *Fund* will be managed relative to a benchmark shown below (the "Benchmark"). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund's* performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes as well as for *Efficient Portfolio Management* purposes.

### **Benchmark for Managed Income Fund**

Asset Class	Benchmark	Weight
Government Bonds	Bloomberg Barclays Sterling Gilts TR Index Value GBP	5%
Investment Grade Corporate Bonds	Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP	30%
High Yield Bonds	Bloomberg Barclays Global High Yield TR Index Value Hedged GBP	30%
UK Equity shares	MSCI United Kingdom Index (GBP)	25%
Global ex UK Equity shares	MSCI ACWI Ex UK Index (GBP)	10%

The *Benchmark* above has been selected to determine the level of risk for the *Fund*. Indices used within the *Benchmark* to represent particular asset classes have been chosen to provide an appropriate representation of those asset classes and due to the relevant data being made available by the *Benchmark Administrator* at a reasonable cost.

### Class of Share Available

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### Profile of Typical Investor

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in

equities and bonds (capital markets).

A typical investor in the *Fund* has a medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The Bloomberg Barclays Sterling Gilts TR Index Value GBP, Bloomberg Barclays Global Aggregate Credit TR Index Value Hedged GBP and Bloomberg Barclays Global High Yield TR Index Value Hedged GBP are administered by Bloomberg Index Services Limited who are not currently listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority. As an existing EU benchmark administrator providing benchmarks on 30 June 2016, Bloomberg Index Services Limited have until 1 January 2020 to become an authorised benchmark administrator for the purposes of the EU Benchmark Regulation. Transitional provisions allow Bloomberg Index Services Limited to continue to provide its existing benchmarks until 1 January 2020.

The MSCI United Kingdom Index (GBP) and MSCI ACWI Ex UK Index (GBP) are administered by MSCI Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

## UK EQUITY FUND

FCA Product Reference Number ("PRN"): 826987

### **Investment Objective**

To provide an increase in value over the long term. The majority of the return is expected to be from capital appreciation with potential for income generation.

### **Investment Policy**

To achieve a broad exposure to UK equity shares, being predominantly shares of companies incorporated in the UK with a primary listing in the UK. The *Fund* may also invest in overseas equity shares. The *Fund* will do this by investing in a range of other funds as well as potentially investing directly in equity shares. The *Fund* will be managed relative to a benchmark shown below (the "Benchmark"). The *Investment Manager* will manage the risk profile of the *Fund* via divergence from the *Benchmark* within an agreed *Tracking Error* of 4%. Managing the *Fund* in this way will constrain the extent to which the *Fund's* performance differs from that of the *Benchmark* and therefore limit the potential return - both above and below the *Benchmark* return.

For liquidity management purposes the *Fund* may also invest in cash instruments, deposits and cash funds.

The *Fund* may also use *Derivatives* for *Efficient Portfolio Management* purposes. Funds in which the *Fund* invests may also invest in *Derivatives* for investment purposes as well as for *Efficient Portfolio Management*.

### **Benchmark for UK Equity Fund**

Asset Class	Benchmark	Weight
UK Equity shares	MSCI United Kingdom Index (GBP)	100%

The *Benchmark* above has been selected to determine the level of risk for the *Fund* and to provide an appropriate representation of the asset class and due to the relevant data being made available by the Benchmark Administrator at a reasonable cost.

### **Class of Share Available**

Net Income Shares in Class 1  
Net Accumulation Shares in Class 1  
Net Income Shares in Class 2  
Net Accumulation Shares in Class 2

### **Profile of Typical Investor**

This *Fund* is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).

A typical investor in the *Fund* has a medium to high tolerance for risk; they accept that the value of their investment may fluctuate and they have a medium to high tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

### **Benchmark Administrator**

The *Benchmark* is administered by MSCI Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

## Appendix II - Investment and Borrowing Powers and Restrictions

---

### Investment Restrictions

The property of each *Fund* will be invested with the aim of achieving the investment objective of that *Fund* but at all times subject to

- (i) the limits on investment set out in *COLL* 5.2 to *COLL* 5.5 that are applicable to the UCITS Schemes (as summarised below); and
- (ii) the *Fund's* investment policy.

The *ACD* shall ensure that, taking into account the investment objective of a *Fund* and its investment policy, the property of each *Fund* aims to provide a prudent spread of risk.

These limits apply to each of the *Funds* as summarised below:

### General

The property of a *Fund* must, except where otherwise provided in *COLL* 5, only consist of any or all of:

1. transferable securities
2. units in collective investment schemes
3. *Derivatives* and forward transactions
4. deposits; and
5. movable and immovable property that is essential for the direct pursuit of the *Company's* business.

Transferable securities held within a *Fund* must:

1. be admitted to or dealt in on an eligible market in accordance with the rules of the *COLL Sourcebook*; or
2. be 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.

Not more than 10% of the value of the *Scheme Property* of a *Fund* is to consist of transferable securities other than those referred to above.

## **Eligible Markets**

These are

1. regulated markets (as defined for the purposes of *COLL*); or
2. markets established in an *EEA State* which are regulated, operate regularly and are open to the public; or
3. markets which the *ACD*, after consultation with the *Depositary*, has decided are appropriate for the purpose of investment of or dealing in the property of a *Fund* having regard to the relevant criteria in the *COLL Sourcebook*. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, the investors.

The eligible securities markets for the *Funds* are set out in Appendix IV.

## **Spread**

The requirements on spread of investments do not apply until the expiry of a period of six months after the date of the authorisation order in respect of a *Fund* (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

When a *Fund* invests in *Derivatives*, the exposure to the underlying assets must not exceed the spread limits referred to below. However, if a *Fund* invests in an index-based *Derivative*, the underlying constituents of the index do not have to be taken into account for this purpose, as long as the *ACD* in making such investments aims to maintain a prudent spread of risk.

- **Spread: general**

This section on spread of investment generally does not apply to government and public securities.

For the purpose of this section companies included in the same group for the purposes of consolidated accounts as defined in accordance with the Seventh Council Directive 83/349/EEC of 13<sup>th</sup> June 1983 based on Article 54(3) (g) of the Treaty in consolidated accounts or, in the same group in accordance with international accounting standards are regarded as a ("**Single Body**").

Not more than 20% in the value of the *Scheme Property* can consist of deposits with a *Single Body*. In applying this 20% limit, all uninvested cash comprising capital property that the *Depositary* holds should be taken into account.

Not more than 5% in value of the *Scheme Property* is to consist of transferable securities, issued by any *Single Body* except that the limit of 5%

i) is raised to 10% in respect of up to 40% in value of the *Scheme Property*. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.

ii) is raised to 25% in value of *Scheme Property* in respect of covered bonds, provided that when a *Fund* invests more than 5% in covered bonds issued by a *Single Body*, the total value of covered bonds held must not exceed 80% in value of the *Scheme Property*.

For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

The exposure to any one counterparty in an OTC *Derivative* transaction must not exceed 5% of the *Net Asset Value* of a *Fund*. This limit is raised to 10% where the counterparty is an *Approved Bank*. When calculating the exposure to a counterparty in accordance with these limits, the positive mark-to-market value of the OTC *Derivative* contract with that counterparty must be used.

OTC *Derivative* positions with the same counterparty may be netted, provided:

(a) the *ACD* is able legally to enforce netting agreements with the counterparty on behalf of the *Company*; and

(b) the netting agreements in (a) do not apply to any other exposures the *Company* may have with that same counterparty.

The exposure of the *Scheme Property* to a counterparty of an OTC *Derivative* may be reduced through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

Collateral must be taken into account in calculating exposure to counterparty risk in accordance with the limits above when collateral is passed to the counterparty of an OTC *Derivative* transaction on behalf of the *Company*. Such collateral may be taken into account on a net basis only if the *ACD* is able legally to enforce netting arrangements with this counterparty on behalf of the *Company*.

The issuer concentration limits referred to above must be calculated on the basis of the underlying exposure created through the use of OTC *Derivatives* in accordance with the commitment approach.

Not more than 20% in value of the *Scheme Property* is to consist of transferable securities issued by the same group.

Not more than 20% in value of a *Fund* may consist of units in any one collective investment scheme.

In applying the above limits not more than 20% in value of the *Scheme Property* is to consist of any combination of two or more of the following:

1. transferable securities (including covered bonds) issued by; or
2. deposits made with; or
3. exposure from OTC *Derivative* transactions made with;

a *Single Body*.

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

In relation to exposures arising from OTC *Derivative* transactions referred to above, any counterparty risk relating to the OTC *Derivative* transaction must be included in the calculation.

- **Spread : Government and Public Securities**

The following applies to transferable securities ("**Such Securities**") issued by:

- (a) an *EEA State*;
- (b) a local authority of an *EEA State*;
- (c) a non-*EEA State*; or
- (d) a public international body to which one or more *EEA States* belong.

Where no more than 35% of the *Scheme Property* is invested in *Such Securities* issued by any one body, there is no limit on the amount of the *Scheme Property* which may be invested in *Such Securities* or in any one issue.

Notwithstanding the foregoing and except where the investment policy of any *Fund* is inconsistent with this, up to 100% of the *Scheme Property* may be invested in *Such Securities* issued or guaranteed by a single state, local authority or public international body which may be any one of the issuers set out in Appendix III.

A *Fund* may invest more than 35% in value of the *Scheme Property* in *Such Securities* issued by any one body provided that:

1. the *ACD* has before any such investment is made consulted with the *Depositary* and as a result considers that the issuer of *Such Securities* is one which is appropriate in accordance with the investment objectives of the *Fund*;
2. up to 30% in value of the *Scheme Property* consists of *Such Securities* of any one issue;
3. the *Scheme Property* includes *Such Securities* issued by that or another issuer, of at least six different issues;
4. the disclosures required by the *FCA* have been made.

The investments of *Funds* investing principally in fixed income securities will be limited to investments, any income on which is not taxable otherwise than under Case III of Schedule D of the Income and Corporation Taxes Act 1988 only, and which are not chargeable to ad valorem stamp duty on transfer.

## **Investment in transferable securities**

(1) A *Fund* may invest in a transferable security only to the extent that the transferable security fulfils the following:

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

(b) its liquidity does not compromise the ability of the *ACD* to comply with its obligation to redeem *Shares* at the request of the qualifying *Shareholder*;

(c) reliable valuation is available for it as follows:

(i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

(ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

(d) appropriate information is available for it as follows:

(i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

(ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the *ACD* on the transferable security, or, where relevant, on the portfolio of the transferable security;

(e) it is negotiable; and

(f) its risks are adequately captured by the risk management process of the *ACD*.

(2) Unless there is information available to the *ACD* that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

(a) not to compromise the ability of the *ACD* to comply with its obligation to redeem units at the request of any qualifying *Shareholder*; and

(b) to be negotiable.

(3) A *Fund* may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a UCITS scheme provided the investment:

(a) fulfils the criteria for transferable securities set out above; and

(b) is backed by or linked to the performance of other assets, which may differ from those in which a *Fund* may invest.

Where an investment in (3) above contains an embedded *Derivative* component, the requirements of the *COLL Sourcebook* with respect to *Derivatives* and forwards will apply to that component.

## **Investment in Collective Investment Schemes**

Up to 100% in value of the *Scheme Property* of a *Fund* may be invested in units or shares in other collective investment schemes provided that the second scheme satisfies all of the following conditions and provided that no more than 30% of the value of the *Fund* is invested in second schemes of the type described in 1(b) to (e) below:

1. The second scheme must:
  - (a) satisfy the conditions necessary for it to enjoy the rights conferred by the *UCITS Directive*; or
  - (b) be a recognised scheme under the provisions of section 272 of the *Act* that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided that the requirements of Article 50(1)(e) of the UCITS Directive are met; or

- (c) be authorised as a non-UCITS retail scheme (providing the requirements of Article 50(1)(e) of the *UCITS Directive* are met); or
  - (d) be authorised in another *EEA State* provided the requirements of Article 50 (1)(e) of the *UCITS Directive* are met; or
  - (e) be authorised by the competent authority of an *OECD* member country (other than another *EEA State*) which has:
    - (i) signed the *IOSCO* Multilateral Memorandum of Understanding; and
    - (ii) approved the scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 19(1)(e) of the *UCITS Directive* are met).
2. the second scheme must comply, where relevant, with *COLL* 5.2.15 (investment in associated collective investment schemes) and *COLL* 5.2.16 (investment in group companies)
  3. the second scheme must have terms which prohibit it from investing more than 10% in value of its *Scheme Property* in units in collective investment schemes.

Where the second scheme is an umbrella, the provisions in 2. and 3. above and in Spread: general above apply to each *Fund* as if it were a separate scheme.

Subject to the limitations set out in this section, a *Fund* may invest in or dispose of units or shares in a collective investment scheme which is managed or operated by the *ACD* or an *Associate* of the *ACD* as long as no charge is made in respect of the investment or disposal of units or shares and as long as the *ACD* is obliged to pay to the *Fund* within the time specified in the *COLL Sourcebook* any amount by which the price paid for the units in the second scheme exceeds the price that would have been received by the second scheme had the units or shares been newly issued or sold by it (or if the *ACD* cannot ascertain that amount, the amount of the maximum charge permitted to be made by the seller of units or shares in the second scheme) or on a disposal of units, the amount of any charge made by the manager or

operator of the second scheme or an *Associate* in respect of the disposal. Investors should be aware that an annual management charge may be levied in respect of the second as well as the first scheme.

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

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the *Company* at any time when the payment is required without contravening the *COLL Sourcebook*.

### **Deposits**

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

### **Derivatives and forward transactions**

The *Company* may use its property to enter into certain *Derivative* transactions (permitted transactions) insofar as their use is consistent with the stated objectives and policies of the *Fund*.

Permitted transactions (excluding stock lending arrangements) are transactions in *Derivatives* (i.e. options, futures or contracts for differences) dealt in or traded on an eligible *Derivatives* market; or synthetic futures in certain circumstances, or a forward transaction in a currency or OTC transactions.

The *ACD* must ensure that its global exposure relating to the *Derivatives* and forward transactions held in the scheme does not exceed the net value of the *Scheme Property*. The global exposure must be calculated on at least a daily basis. Exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the position. The *ACD* uses the commitment approach to calculate global exposure for all *Funds*. The commitment approach converts each financial *Derivative* instrument position into the market value of an equivalent position in the underlying asset of that *Derivative*. The *ACD* has selected this method as being appropriate, taking into account the investment strategy of the *Funds*, the types and complexities of the *Derivatives* and forward transactions used and the proportion of the *Scheme Property* comprising *Derivatives* and forward transactions.

The *Company* may enter into approved *Derivatives* transactions on *Derivatives* markets which are eligible. Eligible *Derivatives* markets are those which the *ACD* after consultation with the *Depositary* has decided are appropriate for the purpose of investment of or dealing in the *Scheme Property* with regard to the relevant criteria set out in the *COLL Sourcebook*.

The eligible *Derivatives* markets for the relevant *Funds* of the *Company* are set out in Appendix IV.

A transaction in a *Derivative* or forward transaction must:

1.
  - (a) be in an approved *Derivative* effected on or under the rules of an eligible *Derivatives* market; or
  - (b) if an OTC *Derivative*, be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the *COLL Sourcebook*, must be on approved terms as to valuation, sale, liquidation and close out and must be capable of reliable valuation, and be subject to verifiable valuation; and
  - (c) in the case of a forward transaction, be made with an *Eligible Institution* (as defined in the *FCA Glossary of terms*) or an *Approved Bank*.
2. have the underlying consisting of any or all of the following to which the *Fund* is dedicated:
  - (a) permitted transferable securities;
  - (b) permitted deposits;
  - (c) permitted *Derivatives*;
  - (d) permitted collective investment scheme units;
  - (e) financial indices(which meet the criteria set out in the *COLL Sourcebook*);
  - (f) interest rates;
  - (g) foreign exchange rates; and
  - (h) currencies.

3. must not cause a *Fund* to diverge from its investment objectives, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, units in collective investment schemes, or *Derivatives* provided that a sale is not to be considered as uncovered if the *COLL Sourcebook's* "requirement to cover sales" conditions are satisfied.

A *Derivatives* or forward transaction which would or could lead to delivery of *Scheme Property* to the *Depositary* for the account of a *Fund* may be entered into only if such *Scheme Property* can be held for the account of a *Fund*, and the *ACD* having taken reasonable care determines that delivery of the property pursuant to the transaction will not lead to a breach of the *COLL Sourcebook*.

The exposure to the underlying assets through investment in *Derivatives* must not exceed the limits set out in Spread above. Where a transferable security embeds a *Derivative*, this must be taken into account for the purposes of complying with these limits.

### **Efficient Portfolio Management**

In the case of each of the *Funds*, the use of *Derivative* transactions is limited to *Efficient Portfolio Management* techniques as described below ("**Efficient Portfolio Management**").

*Efficient Portfolio Management* must satisfy three broadly based requirements:

1. A transaction must be one which (along or in combination with one or more other) is reasonably believed by the *ACD* to be economically appropriate to the *Efficient Portfolio Management* of the Scheme. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, the Scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction.

*Efficient Portfolio Management* may not include transactions which may reasonably be regarded as speculative.

2. The purpose of permitted *Derivative* transaction for the Scheme must be to achieve one of the following aims in respect of the Scheme:

- (a) **Reduction of risk.** One example of how the use of permitted transactions would achieve this aim is in the use of cross-currency hedging where all or part of the currency exposure of the *Scheme Property* may be switched away from a currency the *ACD* considers unduly prone to risk, to another currency. Another example is the use of permitted transactions in tactical asset allocation, which permits the *ACD* to undertake a switch in exposure of types of assets by use of *Derivatives*, rather than through sale and purchase of the *Scheme Property*.
- (b) **Reduction of cost.** The aims of reduction of risk or cost, together or separately, allow the *ACD* on a temporary basis to use the technique of tactical asset allocation. If a transaction for the Scheme relates to the acquisition or potential acquisition of transferable securities, the *ACD* must intend that the Scheme should invest in transferable securities within a reasonable time and the *ACD* must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.
- (c) **The generation of additional capital or income for the Scheme with no, or an acceptably low level of, risk which is consistent with the Scheme's risk profile and the risk diversification rules laid down in the COLL Sourcebook.** There is an acceptably low level of risk in any case where the *ACD* reasonably believes that the Scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing of covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit).

The relevant purpose must relate to *Scheme Property*; *Scheme Property* (whether precisely identified or not) which is to be or is proposed to be acquired for the Scheme; and anticipated cash receipts of the Scheme, if due to be received at some time and likely to be received within one month.

3. The maximum exposure of each permitted transaction must be fully covered “globally” by *Scheme Property*. *Scheme Property* the subject of a stocklending arrangement is only available for cover if reasonable care has been taken to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

- **Requirement to cover sales**

No agreement by or on behalf of the *Company* to dispose of property or rights may be made unless (a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the *Company* by delivery of property or the assignment (or, in Scotland, assignation) of rights, and (b) the property and rights above are owned by the *Company* at the time of the agreement. This requirement does not apply to a deposit. In the *FCA*'s view, the requirement in (a) above can be met where:

1. the risks of the underlying financial instrument of a *Derivative* can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
2. the *ACD* or the *Depositary* has the right to settle the *Derivative* in cash, and cover exists within the *Scheme Property* which falls within one of the following asset classes:
  - (a) cash;
  - (b) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
  - (c) other highly liquid assets having regard to their correlation with the underlying of the financial *Derivative* instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

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

- **OTC transactions in Derivatives**

Any transaction in an OTC *Derivative* must be:

1. with an approved counterparty; A counterparty to a transaction in *Derivatives* is approved only if the counterparty is an *Eligible Institution* or an *Approved Bank*; or a person whose permission (including any requirements or limitations), as published in the *FCA Register* or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
2. on approved terms; the terms of the transaction in *Derivatives* are approved only if, the *ACD* carries out at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value. For the purposes of this paragraph 2, “fair value” is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction. Also for the purposes of this paragraph 2, the *ACD* must establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the *Company* to OTC *Derivatives* and ensure that the fair value of OTC *Derivatives* is subject to adequate, accurate and independent assessment. Where the arrangements and procedures involve the performance of certain activities by third parties, the *ACD* must comply with due diligence and additional requirements. The arrangements and procedures referred to in this paragraph must be adequate and proportionate to the nature and complexity of the OTC *Derivative* concerned and adequately documented
3. capable of reliable valuation; a transaction in *Derivatives* is capable of reliable valuation only if the *ACD* having taken reasonable care determines that, throughout the life of the *Derivative* (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up to date market value which the *ACD* and the *Depositary* have agreed is reliable, or, if this value is not available on the basis of a pricing model which the *ACD* and *Depositary* have agreed uses an adequate recognised methodology.

4. subject to verifiable valuation; a transaction in *Derivatives* is subject to verifiable valuation only if, throughout the life of the *Derivative* (if the transaction is entered into) verification of the valuation is carried out by:
  - (a) an appropriate third party which is independent from the counterparty of the *Derivative*, at an adequate frequency and in such a way that the authorised fund manager is able to check it; or
  - (b) a department within the authorised fund manager which is independent from the department in charge of managing the *Scheme Property* and which is adequately equipped for such a purpose.

**The fair value of the *Derivatives* will take into account the possibility they may have limited liquidity and possibly higher price volatility.**

A copy of the *ACD's* risk management policy in relation to permitted *Derivative* transactions is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF

### **Cash and Near Cash**

Cash or near cash must not be retained in the *Scheme Property* except in order to enable:

1. the pursuit of the *Fund's* investment objective;
2. redemption of *Shares* in that *Fund*;
3. efficient management of the *Fund* in accordance with its investment objective; or
4. for a purpose which may reasonably be regarded as ancillary to the investment objectives of that *Fund*.

## **Risk Management**

The *ACD* must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a *Fund's* positions and their contribution to the overall risk profile of the *Fund*.

## **Significant Influence**

The *Company* may not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantively all matters) at a general meeting of that body if:

1. immediately before the acquisition the aggregate number of such securities held by the *Company* gives the *Company* power significantly to influence the conduct of the business of that body corporate; or
2. the acquisition gives the *Company* that power.

For the purposes of the above paragraph, the *Company* is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **Concentration**

The *Company*:

1. 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 these securities issued by that body corporate;
  2. must not acquire more than 10 % of the debt securities issued by any *Single Body*;
  3. must not acquire more than 25 % of the units in a collective investment scheme;
- and

4. need not comply with these limits if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

### **Stock lending and Repo contracts**

Stocklending is an arrangement where the *Company* or the *Depositary* delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount be redelivered to the *Company* or the *Depositary* at a later date. The *Company* or the *Depositary* at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed.

A repo contract is an agreement between a seller and a buyer for the purchase or sale of securities, under which the seller agrees to repurchase the securities or equivalent securities, or the buyer agrees to resell the securities or equivalent securities, at an agreed date and, usually, at a stated price.

The *Company* or the *Depositary* at the *Company's* request, may enter into stocklending transactions (involving a disposal of securities in a *Fund* and re-acquisition of equivalent securities) or repo contracts when it reasonably appears to the *Company* to be appropriate to do so with a view to generating additional income for the relevant *Fund* with an acceptable degree of risk.

Such transactions must always comply with conditions set out in the *COLL Sourcebook*, which require (inter alia) that:

1. the stock lending transaction or repo contract must be of a kind described in Section 263B of the Taxation of Chargeable Gains Act 1992;
2. the terms of the agreement under which the *Depositary* is to re-acquire the securities for the account of the *Company* must be acceptable to the *Depositary* and in accordance with good market practice;
3. the counterparty must be acceptable in accordance with the *COLL Sourcebook*.
4. the high quality and liquid collateral obtained must be acceptable to the *Depositary* and must also be adequate and sufficiently immediate as set down in the *COLL Sourcebook*.

## **Underwriting and Stock Placings**

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

## **Borrowing Powers**

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

Borrowing must be on a temporary basis and must not be persistent.

The *ACD* must ensure that no period of borrowing exceeds 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 the *Scheme Property*.

These borrowing restrictions do not apply to "back-to-back" borrowing for cover for transactions in *Derivatives* and forward transactions.

## **General**

No *Fund* may invest in the *Shares* of another *Fund* within the *Company*.

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

## Appendix III - Government and Public Securities Issuers

### Government and Public Securities issued by or on behalf of or guaranteed by the following Governments:

Australia	Greece	New Zealand
Austria	Iceland	Northern Ireland
Belgium	Ireland	Norway
Canada	Italy	Portugal
Denmark	Japan	Spain
Finland	Liechtenstein	Sweden
France	Luxembourg	Switzerland
Germany	Netherlands	United Kingdom
		United States of America

### Public securities issued by the following bodies (or, in each case, any successor organisation):

Asian Development Bank (ADB)	European Bank of Reconstruction and Development (EBRD)	International Finance Corporation (IFC)
the African Development Bank (AFDB)	European Investment Bank (EIB)	Inter American Development Bank (IADB)
Council of Europe Development Bank	Eurofima	Kreditanstalt Fuer Wiederaufbau (KfW)
Deutsche Ausgleichsbank (DTA)	International Bank for Reconstruction and Development (IBRD)	LCR Finance plc
		Nordic Investment Bank (NIB)

## Appendix IV - Eligible Securities Markets and Eligible Derivatives Markets

### Eligible Markets

A securities or derivatives market is an eligible market if it is a regulated market (as defined for the purposes of *COLL*), a market in a state within the European Economic Area which is regulated, operates regularly and is open to the public, or, without limitation, any market listed below plus any past or future component exchanges / acquirers thereof.

### Eligible Securities Markets

**In respect of the Extra Income Fund\*, the High Yield Fund\*, the Equity Income Fund\*, the Growth Fund\*, the International Growth Fund\*, the Global Bond Fund and the UK Equity Fund:**

in Argentina	the Buenos Aires Stock Exchange
in Australia	the Australian Securities Exchange
in Brazil	B <sup>3</sup>
in Canada	the Toronto Stock Exchange
in Hong Kong	The Stock Exchange of Hong Kong
in Indonesia	the Indonesian Stock Exchange
in Japan	the Tokyo Stock Exchange  the Nagoya Stock Exchange
in Malaysia	the Bursa Malaysia
in Mexico	the Bolsa Mexicana de Valores
in New Zealand	the New Zealand Stock Exchange
in Pakistan	the Pakistan Stock Exchange
in the Philippines	the Philippines Stock Exchange
in Singapore	the Singapore Exchange
in South Africa	the Johannesburg Stock Exchange
in South Korea	the Korea Exchange
in Sri Lanka	the Colombo Stock Exchange
in Switzerland	SIX Swiss Exchange
in Taiwan	the Taiwan Stock Exchange

in Thailand	the Stock Exchange of Thailand (Bangkok)
in Turkey	the Istanbul Stock Exchange
in the United Kingdom	Alternative Investment Market
in the United States	NASDAQ  NYSE NYSE National the Chicago Stock Exchange

\*This Fund is in the process of being terminated.

**In respect of the Balanced Fund\*, the Managed Defensive Fund, the Managed Equity Growth Fund, the Managed Growth Fund and the Managed Income Fund:**

in Argentina	the Buenos Aires Stock Exchange
in Australia	the Australian Securities Exchange
in Brazil	B <sup>3</sup>
in Canada	the Toronto Stock Exchange
in Hong Kong	the Stock Exchange of Hong Kong Limited
in Indonesia	the Indonesian Stock Exchange
in Japan	the Tokyo Stock Exchange  the Nagoya Stock Exchange
in Malaysia	the Bursa Malaysia
in Mexico	the Bolsa Mexicana de Valores
in New Zealand	the New Zealand Stock Exchange
in Pakistan	the Pakistan Stock Exchange
in the Philippines	the Philippines Stock Exchange
in Singapore	the Singapore Exchange
in South Africa	the Johannesburg Stock Exchange
in South Korea	the Korea Exchange
in Sri Lanka	the Colombo Stock Exchange
in Switzerland	SIX Swiss Exchange

in Taiwan	the Taiwan Stock Exchange
in Thailand	the Stock Exchange of Thailand (Bangkok)
in Turkey	the Istanbul Stock Exchange
In the United Kingdom	Alternative Investment Market
in the United States	NASDAQ ICE (Intercontinental Exchange)  the Chicago Stock Exchange NYSE National

### Eligible Derivatives Markets

**In respect of the Extra Income Fund\*, the High Yield Fund\*, the Equity Income Fund\*, the Growth Fund\*, the Global Bond Fund and the UK Equity Fund:**

in Australia	the Australian Securities Exchange
in Canada	the Montreal Exchange
in Euro Markets	the EUREX
in International Markets	ICE (Intercontinental Exchange)
in Hong Kong	the Hong Kong Futures Exchange
in Japan	the Tokyo Stock Exchange
in Singapore	the Singapore Exchange
in Spain	Mercado Español de Futuros Financieros (MEFF)
in the United Kingdom	Turquoise Derivatives
in the United States	the CME Group the Chicago Board of Options Exchange ICE (Intercontinental Exchange)

\*This Fund is in the process of being terminated.

**In respect of the Balanced Fund\*, the International Growth Fund\*, the Managed Defensive Fund, the Managed Equity Growth Fund, the Managed Growth Fund and the Managed Income Fund:**

in Argentina	the Buenos Aires Stock Exchange
in Australia	the Australian Securities Exchange

in Brazil	B <sup>3</sup>
in Euro Markets	the EUREX
in International Markets	ICE (Intercontinental Exchange)
in Hong Kong	the Hong Kong Futures Exchange
in Indonesia	the Indonesian Stock Exchange
in Japan	the Tokyo Stock Exchange
in Malaysia	the Bursa Malaysia
in New Zealand	the New Zealand Stock Exchange
in Poland	the Warsaw Stock Exchange
in Singapore	the Singapore Exchange
in South Africa	the Johannesburg Stock Exchange
in South Korea	the Korea Exchange
in Spain	Mercado Español de Futuros Financieros (MEFF)
in Switzerland	SIX Swiss Exchange
in Taiwan	the Taiwan Stock Exchange
in Thailand	the Stock Exchange of Thailand (Bangkok)
in the United Kingdom	Turquoise Derivatives
in the United States	the CME Group the Chicago Board of Options Exchange ICE (Intercontinental Exchange)

\*This Fund is in the process of being terminated.

## Appendix V ICVCs and Authorised Unit Trusts Managed by the ACD

The ACD of the *Company* is also the ACD of the following ICVCs which are authorised by the FCA.

ICVC	Funds Available
RBS Stakeholder Investment Fund ICVC	RBS Stakeholder Investment Fund
RBS Investment Options ICVC*	Income Fund* Cautious Growth Fund* Balanced Growth Fund* Adventurous Growth Fund*

\*This ICVC/Fund is in the process of being terminated.

## Appendix VI - Past Performance

The performance shown in the tables below is for a *Fund* not a product so any performance your investment achieves will be affected by the product charges. **Please do not take past performance as a guide to future performance. The value of your investment and any income you receive from it can go down as well as up. You may get back less than the amount you originally invested.**

Source for all figures: Lipper Hindsight. All performance figures are on a total return basis, net of tax, income reinvested to 31 December 2018.

**Share Class 1** - Yearly performance figures over five years or for the years since launch where a *Fund* was launched within 5 years

Fund	% Growth				
	1/1/2018 to 31/12/2018	1/1/2017 to 31/12/2017	1/1/2016 to 31/12/2016	1/1/2015 to 31/12/2015	1/1/2014 to 31/12/2014
Balanced* (Income)	-9.2	+10.5	+11.9	+3.6	+4.8
Balanced* (Accumulation)	-9.2	+10.5	+11.9	+3.6	+4.8
Growth* (Accumulation)	-11.5	+13.7	+10.2	+9.0	+0.4
Extra Income* (Income)	-3.3	+3.8	+8.1	-0.6	+10.5
International Growth* (Accumulation)	-3.8	+8.2	+19.6	+3.8	+8.4
High Yield* (Income)	-2.3	+4.1	+9.7	+0.2	+9.5
Equity Income* (Income)	-11.6	+11.7	+10.0	+6.2	+2.0
Global Bond Fund**					
Managed Defensive Fund**					
Managed Equity Growth Fund**					
Managed Growth Fund**					

Managed Income Fund**					
UK Equity Fund**					

\*This Fund is in the process of being terminated.

\*\* This Fund launched on 17 May 2019 and therefore past performance is not yet available.

**Share Class 2** - Yearly performance figures over five years or for the years since launch where a Fund was launched within 5 years

Fund	% Growth				
	1/1/2018 to 31/12/2018	1/1/2017 to 31/12/2017	1/1/2016 to 31/12/2016	1/1/2015 to 31/12/2015	1/1/2014 to 31/12/2014
Global Bond Fund*					
Managed Defensive Fund*					
Managed Equity Growth Fund*					
Managed Growth Fund*					
Managed Income Fund*					
UK Equity Fund*					

\*This Fund launched on 17 May 2019 and therefore past performance figures is not yet available.

## Appendix VII- Directors of the ACD

---

**Directors of the ACD and their other Directorships not connected with the business of the ACD**

<b>Director</b>	<b>Other Directorships</b>
<b>Dickson Anderson</b>	
<b>Stephanie Eastment</b>	Impax Environmental Markets PLC Herald Investment Trust PLC Murray Income Trust PLC
<b>Philip Hunt</b>	RBS Asset Management Holdings RBS Asset Management (ACD) Limited
<b>Laura Newman</b>	The Royal Bank of Scotland Group Independent Financial Services Limited
<b>Georgina Perceval-Maxwell</b>	

## Appendix VIII- List of Subcustodians and other delegates

---

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Argentina</b>	Citibank N.A., Argentina	Bartolome Mitre 502/30 (C1036AAJ) Buenos Aires, Argentina
<b>Australia</b>	Citigroup Pty Limited	Level 16, 120 Collins Street Melbourne, VIC 3000 Australia
<b>Australia</b>	National Australia Bank Limited	12th Floor, 500 Bourke Street, Melbourne Victoria 3000, Australia
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	Level 5, 10 Smith Street Parramatta NSW 2150 Australia
<b>Austria</b>	Citibank Europe plc.	1 North Wall Quay Dublin 1 Ireland
<b>Austria</b>	UniCredit Bank Austria AG	Schottengasse 6-8 1010 Vienna, Austria
<b>Bahrain</b>	HSBC Bank Middle East Limited	4th Floor, Building No 2505, Road No 2832, Al Seef 428, Bahrain
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited	Management Office, Shanta Western Tower, Level 4, 186 Bir Uttam Mir Shawkat Ali Shorok, (Tejgaon Gulshan Link Road) Tejgaon Industrial Area, Dhaka 1208, Bangladesh
<b>Belgium</b>	Citibank Europe Plc, UK branch	Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom
<b>Belgium</b>	The Bank of New York Mellon SA/NV	Rue Montoyer, 46 1000 Brussels Belgium
<b>Bermuda</b>	HSBC Bank Bermuda Limited	3F Harbour View Building 37 Front Street

		Hamilton, HM11 Bermuda
<b>Botswana</b>	Stanbic Bank Botswana Limited	Plot 50672, Fairgrounds Office Park Gaborone, Botswana
<b>Brazil</b>	Citibank N.A., Brazil	Citibank N.A. , Brazilian Branch Avenida Paulista, 1111 – 13th floor Cerqueira Cesar – Sao Paulo, Brazil CEP: 01311-920
<b>Brazil</b>	Itaú Unibanco S.A.	Praça Alfredo Egydio de Souza Aranha, 100 São Paulo, S.P. - Brazil 04344-902
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	48 Sitnyakovo Blvd Serdika Offices, 10th floor Sofia 1505, Bulgaria
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	1 York Street, Suite 900 Toronto, Ontario, M5J 0B6 Canada
<b>Cayman Islands</b>	The Bank of New York Mellon	225 Liberty Street New York, NY 10286 United States
<b>Channel Islands</b>	The Bank of New York Mellon	225 Liberty Street New York, NY 10286, United States
<b>Chile</b>	Banco de Chile	Estado 260 2nd Floor Santiago, Chile Postal code 8320204
<b>Chile</b>	Itaú Corpbanca S.A.	Avda. Presidente Riesco N° 5537 18th Floor Las Condes Santiago, Chile
<b>China</b>	HSBC Bank (China) Company Limited	33 Floor, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong Shanghai, China (200120)
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Carrera 9A No 99-02 Piso 2 Bogota D.C., Colombia
<b>Costa Rica</b>	Banco Nacional de Costa Rica	1st and 3rd Avenue, 4th Street

		San Jose, Costa Rica
<b>Croatia</b>	Privredna banka Zagreb d.d.	Radnicka cesta 50 10 000 Zagreb Croatia
<b>Cyprus</b>	BNP Paribas Securities Services	2 Lampsakou street 115 28 Athens Greece
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Bucharova 2641/14 158 02 Prague 5, Czech Republic
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	306 Corniche El Nil, Maadi, Cairo, Egypt
<b>Estonia</b>	SEB Pank AS	Tornimäe Str. 2 15010 Tallinn Estonia
<b>Euromarket</b>	Clearstream Banking S.A.	42 Avenue J.F. Kennedy 1855 Luxembourg Grand Duchy of Luxembourg
<b>Euromarket</b>	Euroclear Bank	1 Boulevard du Roi Albert II B-1210 Brussels - Belgium
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>France</b>	BNP Paribas Securities Services S.C.A.	Office Address :Les Grands Moulins de Pantin - 9 rue du Débarcadère 93500 Pantin, France  Legal address: 3 rue d'Antin, 75002 Paris, France
<b>France</b>	Citibank Europe Plc, UK branch	Citigroup Centre Canada Square, Canary Wharf London E14 5LB  United Kingdom
<b>Germany</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Friedrich-Ebert-Anlage, 49 60327 Frankfurt am Main Germany
<b>Ghana</b>	Stanbic Bank Ghana Limited	Stanbic Heights, Plot No. 215 South

		Liberation RD, Airport City, Cantonments, Accra, Ghana
<b>Greece</b>	BNP Paribas Securities Services	2 Lampsakou street 115 28 Athens Greece
<b>Hong Kong</b>	Deutsche Bank AG	52/F International Commerce Centre 1 Austin Road West, Kowloon, Hong Kong
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	1, Queen's Road, Central Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Szabadság tér 7 1051 Budapest Hungary
<b>Iceland</b>	Landsbankinn hf.	Hafnarstræti 10-12 155 Reykjavik Iceland
<b>India</b>	Deutsche Bank AG	4th Floor, Block I, Nirlon Knowledge Park, W.E. Highway Mumbai - 400 063, India
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	11F, Building 3, NESCO - IT Park, NESCO Complex, Western Express Highway, Goregaon (East), Mumbai 400063, India
<b>Indonesia</b>	Deutsche Bank AG	7th Floor, Deutsche Bank Building Jl. Imam Bonjol No.80, Jakarta – 10310, Indonesia
<b>Ireland</b>	The Bank of New York Mellon	225 Liberty Street New York, NY 10286, United States
<b>Israel</b>	Bank Hapoalim B.M.	50 Rothschild Blvd Tel Aviv 61000 Israel
<b>Italy</b>	Citibank N.A. Milan	Via Mercanti 12 20121 Milan Italy
<b>Italy</b>	Intesa Sanpaolo S.p.A.	Piazza San Carlo, 156 10121 Torino Italy

<b>Italy</b>	The Bank of New York Mellon SA/N<	Rue Montoyer, 46 1000 Brussels Belgium
<b>Japan</b>	Mizuho Bank, Ltd.	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo 108-6009, Japan
<b>Japan</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1-3-2, Nihombashi Hongoku-cho, Chuo-ku, Tokyo 103-0021, Japan
<b>Jordan</b>	Standard Chartered Bank, Jordan Branch	Shmeissani, Al-Thaqafa Street , Building # 2, P.O.Box 926190, Amman 11190, Jordan
<b>Kazakhstan</b>	Citibank Kazakhstan Joint-Stock Company	Park Palace Building A, 41 Kazybek Bi Street, Almaty, A25T0A1 Kazakhstan
<b>Kenya</b>	Stanbic Bank Kenya Limited	First Floor, Stanbic Centre P.O. Box 72833 00200 Chiromo Road, Westlands, Nairobi, Kenya.
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Sharq Area, Abdulaziz Al Sager Street, Al Hamra Tower, 37F P.O. Box 1683, Safat 13017, Kuwait
<b>Latvia</b>	AS SEB banka	Meistaru iela 1 Valdlauci Kekavas pagasts, Kekavas novads LV-1076 Latvia
<b>Lithuania</b>	AB SEB bankas	12 Gedimino Av. LT-01103 Vilnius Lithuania
<b>Luxembourg</b>	Euroclear Bank	1 Boulevard du Roi Albert II B-1210 Brussels - Belgium
<b>Malawi</b>	Standard Bank Limited	Standard Bank Centre Africa Unity Avenue P O Box 30380

		Lilongwe 3 Malawi
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad	Level 20, Menara IMC No 8 Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Friedrich-Ebert-Anlage, 49 60327 Frankfurt am Main Germany
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	6th Floor, HSBC Centre, 18 Cybercity, Ebene, Mauritius
<b>Mexico</b>	Banco Santander (México), S.A.	Av. Vasco De Quiroga No. 3900 - Piso 20 Col. Lomas de Santa Fe, Del. Alvaro Obregón Edificio Torre Diamante Ciudad de México, 05300 Mexico
<b>Mexico</b>	Citibanamex	Actuario Roberto Medellin 800 Colonia Santa Fe Mexico, D.F. C.P.01210
<b>Morocco</b>	Citibank Maghreb S.A.	Zenith Millenium, Immeuble 1 Sidi Maarouf, B.P. 40 20190 Casablanca Morocco
<b>Namibia</b>	Standard Bank Namibia Limited	2nd Floor, Standard Bank Centre, Town Square Corner of Post Street Mall and Werner List Street Windhoek, Namibia
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Rue Montoyer, 46 1000 Brussels Belgium
<b>New Zealand</b>	National Australia Bank Limited	12th Floor, 500 Bourke Street, Melbourne Victoria 3000, Australia
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	Level 9, HSBC Building, 1 Queen Street, Auckland 1010,
<b>Nigeria</b>	Stanbic IBTC Bank Plc.	Walter Carrington Crescent Victoria Island Lagos, Nigeria

<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Oman</b>	HSBC Bank Oman S.A.O.G.	2nd Floor, Head Office Building, P.O. Box 1727, Al Khuwair, Postal Code 111, Sultanate of Oman
<b>Pakistan</b>	Deutsche Bank AG	242-243, Avari Plaza, Fatima Jinnah Road Karachi - 75330, Pakistan
<b>Panama</b>	Citibank N.A., Panama Branch	Boulevard Punta Pacífica Torre de las Américas, Torre B, Piso 14 Apartado 0834-00555 Panama City, Panama
<b>Peru</b>	Citibank del Peru S.A.	Avenida Canaval y Moreyra, 480, 3rd floor Lima 27, Peru
<b>Philippines</b>	Deutsche Bank AG	23rd Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, 1226 Makati City Philippines
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	53/57 Grzybowska Street 00-950 Warszawa Poland
<b>Portugal</b>	Citibank Europe Plc, Sucursal em Portugal	Rua Barata Salgueiro, 30 - 5th floor 1269-056 Lisbon Portugal
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha	2nd Floor, Ali Bin Ali Tower, Building no: 150, Al Matar Street (Airport Road) P.O. Box 57, Street no. 950, Umm Ghuwalina Area, Doha, Qatar
<b>Romania</b>	Citibank Europe plc Dublin, Romania Branch	145, Calea Victoriei 010072 Bucharest Romania
<b>Russia</b>	AO Citibank	8-10, building 1 Gasheka Street Moscow 125047 Russia
<b>Russia</b>	PJSC ROSBANK	Mashi Poryvaevoy, 34

		107078 Moscow Russia
<b>Saudi Arabia</b>	HSBC Saudi Arabia	HSBC Building, 7267 Olaya Road, Al- Murooj Riyadh 12283-2255, Kingdom of Saudi Arabia
<b>Serbia</b>	UniCredit Bank Serbia JSC	Rajiceva Street 27-29, 11000 Belgrade, Serbia
<b>Singapore</b>	DBS Bank Ltd	12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
<b>Singapore</b>	United Overseas Bank Limited	80 Raffles Place UOB Plaza Singapore 048624
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahranicnej banky	Dvorakovo nabrezie 8 811 02 Bratislava, Slovak Republic
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	Smartinska 140, 1000 - Ljubljana, Slovenia
<b>South Africa</b>	Standard Chartered Bank	1 Basinghall Avenue London, EC2V5DD, United Kingdom
<b>South Africa</b>	The Standard Bank of South Africa Limited	9th Floor 5 Simmonds Street Johannesburg 2001, South Africa
<b>South Korea</b>	Deutsche Bank AG	18th Floor, Young-Poong Building 41 Cheonggyecheon-ro, Jongro-ku, Seoul 03188, South Korea
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	5th Floor, HSBC Building, 37, Chilpae-ro, Jung-Gu, Seoul, South Korea, 04511
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.	Plaza San Nicolás, 4 48005 Bilbao Spain
<b>Spain</b>	Santander Securities Services, S.A.U.	Ciudad Grupo Santander. Avenida de Cantabria s/n Boadilla del Monte 28660 - Madrid, Spain

<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	24 Sir Baron Jayathilake Mawatha Colombo 01, Sri Lanka
<b>Swaziland</b>	Standard Bank Swaziland Limited	Standard House, Swazi Plaza Mbabane, Swaziland
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd.	Paradeplatz 8 8070 Zurich Switzerland
<b>Switzerland</b>	UBS Switzerland AG	Max-Hogger-Strasse 80 8048 Zurich, Switzerland
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	11 F, No. 369, Section 7, Zhongxiao East Road Nangang District, Taipei City 115 Taiwan (ROC)
<b>Tanzania</b>	Stanbic Bank Tanzania Limited	Stanbic House PO Box 72647 Dar es Salaam Tanzania
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited	Level 5, HSBC Building, 968 Rama IV Road, Bangrak Bangkok 10500, Thailand
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie	70-72, Avenue Habib Bourguiba 1080 Tunis Tunisia
<b>Turkey</b>	Deutsche Bank A.S.	Esentepe Mahallesi Buyukdere Caddesi Tekfen Tower No:209 K:17 Sisli TR-34394-Istanbul, Turkey
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai	Emaar Square, Building 5, Level 4 PO Box 502601 Dubai, United Arab Emirates
<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
<b>U.K.</b>	The Bank of New York Mellon	225 Liberty Street New York, NY 10286,

		United States
<b>U.S.A.</b>	The Bank of New York Mellon	225 Liberty Street New York, NY 10286 United States
<b>U.S.A. Precious Metals</b>	HSBC Bank, USA, N.A.	452 Fifth Avenue, New York, NY 10018
<b>Uganda</b>	Stanbic Bank Uganda Limited	Plot 17 Hannington Road Short Tower- Crested Towers P.O. Box 7131, Kampala, Uganda
<b>Ukraine</b>	Public Joint Stock Company "Citibank"	16G Dilova Street 03150 Kiev Ukraine
<b>Uruguay</b>	Banco Itau Uruguay S.A.	Dr. Luis Bonavita 1266 Toree IV, Piso 10 CP 11300 Montevideo, Uruguay
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd	The Metropolitan, 235 Dong Khoi Street District 1, Ho Chi Minh City, Vietnam
<b>WAEMU</b>	Societe Generale de Banques en Cote d'Ivoire	5/7 Avenue Joseph Anoma 01 BP 1355 Abidjan 01 - Ivory Coast
<b>Zambia</b>	Stanbic Bank Zambia Limited	Stanbic House, Plot 2375, Addis Ababa Drive P.O Box 31955 Lusaka, Zambia
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	59 Samora Machel Avenue, Harare, Zimbabwe