RBS STAKEHOLDER INVESTMENT FUND ICVC

AN INVESTMENT COMPANY WITH VARIABLE CAPITAL
REGISTERED IN ENGLAND AND WALES UNDER REGISTERED NUMBER IC 000370, FCA PRODUCT REFERENCE ("PRN"): 415352

PROSPECTUS

This Prospectus is dated, and is valid as at 01 January 2021

PREPARED IN ACCORDANCE WITH THE OPEN ENDED INVESTMENT COMPANIES REGULATIONS 2001 AND THE COLLECTIVE INVESTMENT SCHEME SOURCEBOOK

NOTE: EU law ceased to apply to the UK following the transition period ending on 31 December 2020. All references in this Prospectus to laws derived from the EU shall refer to the UK's enactment of such rules pursuant to the EU (Withdrawal) Act 2018. A revised version of the Prospectus which takes account of these changes shall be published in due course

Contents

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 the RBS Stakeholder Investment Fund ICVC is suitable for you, you should consult your financial adviser.

This is the Prospectus of RBS Stakeholder Investment Fund (the *Company*) valid as at 01 January 2021. 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*).

The *Company* is incorporated in England and Wales as an investment company with variable capital (*ICVC*) under registered number **IC000370**. The *Shareholder*s are not liable for the debts of the *Company*.

RBS Collective Investment Funds Limited ("RBSCIFL"), the Authorised Corporate Director of the *Company*, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained 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 *Share*s in certain jurisdictions may be restricted by law. No action has been taken by the *Company* or *RBSCIF* 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 *RBSCIF* 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). A copy of the Company's Instrument of Incorporation will be made available to Shareholders on request.

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 *Company* can be found in Appendix V.

This Prospectus has been prepared on the basis the *Company* will be suitable for *Stakeholder Product*s, *Child Trust Fund, Adult ISA* and Junior ISA investments as well as direct investment.

The *Company* may enter into transactions in *Derivatives*. Such transactions will be used for the purposes known as efficient portfolio management as described on page 84 of this Prospectus. The use of *Derivatives* does not otherwise directly form part of the investment objectives of the *Company* (although if the *Company* invests in other collective investment schemes, those other schemes may themselves use *Derivatives* as part of their investment objective).

Definitions

In this Prospectus the words and expressions set out in the first column below 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 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 SS&C Financial Services Europe Limited, the administrator of the *Company*;
Adult ISA	means a stocks and shares individual savings account that is or has been offered by the ACD or an Associate of the ACD under the Individual Savings Regulations 1998 (as amended from time to time) that is not a Junior ISA.
Associate	as defined in the glossary of the *FCA Handbook;*
Approved Bank	means in relation to a bank account opened by the Company: (a) if the account is opened at a branch in the United Kingdom; (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank or 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;

(c) a bank supervised by the South African Reserve Bank; or

(d) any other bank which meets the requirements of being an Approved Bank as per the requirements under the FCA Handbook;

Auditor	means Ernst & Young LLP, the auditor of the *Company;*
Business Day	means Monday to Friday, and other days at the *ACD*'s discretion, except for (unless the *ACD* otherwise decides) a bank holiday in England and Wales or any other day on which the London Stock Exchange is closed;
Child Trust Fund	means a product which complies with the Child Trust Funds Regulations 2004 (as amended from time to time) and is or has been offered by the *ACD* or an *Associate* of the *ACD*;
Child Trust Fund Administrator	means Target Servicing Limited, the administrator of the *Child Trust Fund;*
Class or Classes	is as defined in the Instrument of Incorporation (being in summary in relation to *Share*s (according to the context) means all the *Share*s related to the *Company* or a particular class or classes of *Share* related to the *Company);*
COLL	refers to the relevant chapter or rule in the *COLL Sourcebook*;
COLL Sourcebook	means the Collective Investment Schemes Sourcebook issued by the *FCA* as part of the *FCA Handbook*, 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;
Company	means RBS Stakeholder Investment Fund ICVC;
Covered Bonds	means a bond that is issued by a credit institution which has its registered office in the United Kingdom or an EEA State and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond; and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest;

Custodian means the custodian of the *Scheme Property* from time to time, currently being The Bank of New York Mellon (International) Limited;

Data Protection Legislation 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, and national guidance all as implemented in the UK;

Dealing Day means any *Business Day;*

Depositary	means the depositary of the *Company* from time to time, currently being The Bank of New York Mellon (International) Limited;
Derivative	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 Areas defined in the glossary to the *FCA Handbook;*
Eligible Institution	means one of certain eligible institutions as defined in the glossary to the *FCA Handbook;*
FATCA	means United States Foreign Account Tax Compliance Act;
FCA	means the Financial Conduct Authority and any successor(s) to it;
the FCA Handbook	means the *FCA Handbook* of Rules and Guidance as amended and/or replaced from time to time;
ICVC	means investment company with variable capital, which may also be referred to as an open-ended investment company (OEIC);
IGA	means Inter-Governmental Agreement;
Initial Charge	means a charge imposed by the *ACD* on a purchase of *Share*s by an investor, calculated as a percentage of the gross amount tendered for investment;
Income Shares	means *Shares* (of whatever *Class*) issued from time to time in respect of which income is distributed periodically to *Shareholders* in accordance with the *COLL Sourcebook* and the *Instrument of Incorporation*;
Instrument of Incorporation	means the instrument of incorporation of the *Company* as amended from time to time;
Investment Funds Legislation	means the *UCITS V Directive*, *UCITS V Level 2* and the *UCITS Law*;
Investment Manager	means Coutts & Company, the investment manager of the *Company;*

IOSCO	means the International Organisation of Securities Commissions;
Investor Protection Fee	means a dilution levy as defined in the *COLL Sourcebook*;
Junior ISA	means a stocks and shares individual savings account within the meaning of Regulation 2B of the Individual Savings Regulations 1998 (as amended from time to time) which is or has been offered by the *ACD* or an *Associate* of the *ACD*;
Junior ISA Administrator	means Target Servicing Limited, the administrator of the *Junior ISA;*
Larger Denomination Share	has the meaning given in the *OEIC Regulations*. *Shares* are available in larger and smaller denominations with the *Smaller Denomination Share* representing a defined proportion of a larger denomination share;
Net Asset Value or NAV	means the value of the *Scheme Property* of the *Company* less the liabilities of the *Company* as calculated in accordance with the *Company*'s *Instrument of Incorporation;*
NWG	means NatWest Group plc;
OECD	means the Organisation for Economic Co-operation and Development;
OEIC Regulations	means the Open-Ended Investment Companies Regulations 2001 (SI 2001 No.1228) as amended or re-enacted from time to time;
PRA	means the Prudential Regulation Authority and any successor(s) to it;
Register	means the register of *Shareholder*s in the *Company* maintained in accordance with the *OEIC Regulations;*
Registrar	means, SS&C Financial Services Europe Limited the registrar of the *Company;*
the Regulations	means the *OEIC Regulations* and the *COLL Sourcebook*;
Scheme Property	means the property of the *Company,* required under the *COLL Sourcebook* to be given for safe-keeping to the *Depositary;*

Securitisation	means the conversion of an asset or assets, into marketable securities, typically for the purpose of raising cash by selling them to other investors.
Share or Shares	means a *Share* or *Share*s in the *Company* (including *Larger Denomination Share*s and *Smaller Denomination Share*s);
Share Dealing Cut-off time	means the latest time on any dealing day when the price calculated on that day will be used for any dealing. After this time, the next dealing day's price will be used;
Shareholder	means a holder of Shares in the *Company;*
Smaller Denomination Share	means one thousandth of a *Larger Denomination Share;*
SMF	means a Senior Management Function as defined by the FCA in its Supervision handbook ("SUP");
State	means a state of the United States of America;
Switch	means the exchange of *Share*s of one *Class* for *Share*s of another *Class*;
Stakeholder Product	means an investment that complies with the conditions set out for a stakeholder product defined in the *Stakeholder Regulations* as is offered by the *ACD* or an *Associate* of the *ACD*;
Stakeholder Regulations	means the Financial Services and Markets Act 2000 (Stakeholder Products) Regulations 2004 (as amended from time to time);
Tracking Error	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 relative to its benchmark. Low tracking error means a fund performs consistently relative to its benchmark. In contrast, high tracking error implies a fund performs inconsistently relative to its benchmark (i.e. a volatile difference in returns);
UCITS Directive	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;
UCITS V Directive	means the Undertakings for Collective Investment in Transferable Securities Directive 2014/91/EU as implemented in the UK;
UCITS V Level 2	means the Commission Delegated Regulation (EU) of 17 December 2015 supplementing the *UCITS Directive* with regard to obligations of depositaries as implemented in the UK;

UCITS Law	means any United Kingdom legislation and the *FCA Handbook* enacted or introduced to transpose or otherwise effect EU law as it relates to UCITS Schemes as appropriate;
UCITS Scheme	an undertaking for collective investment in transferable securities that is established in an EEA State in accordance with the UCITS Directive or in the United Kingdom within the meaning of section 236A of the Act;
US	the United States of America (including any *States* thereof and District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;
US Person	unless otherwise determined by the ACD: (i) a resident of the *US*;

(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* may be issued, cancelled or redeemed as described in the 'Valuation' section on page 34; and

VAT means value added tax.

Company Details

General

The *Company* is authorised by the *FCA*. It was authorised with effect from **24 December 2004**.

Head Office : 6-8 George Street, Edinburgh, EH2 2PF

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* is pounds sterling

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

*Share*s in the *Company* have no par value. The share capital of the *Company* will at all times equal its *Net Asset Value*. *Share*s in the *Company* are not listed on any investment exchange.

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

Directory

The Company and Head Office:	RBS Stakeholder Investment Fund ICVC 6-8 George Street Edinburgh EH2 2PF
Authorised Corporate Director:	RBS Collective Investment Funds Limited 6-8 George Street Edinburgh EH2 2PF
Investment Manager:	Coutts & Company 440 Strand London WC2R 0QS
Company and Adult ISA Administrator and Registrar:	SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS
Child Trust Fund, Junior ISA and Adult ISA Administrator:	Target Servicing Limited Imperial Way Newport Gwent NP20 8UH
Depositary 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

Category

The *Company* is a UCITS Scheme operating under the COLL Sourcebook.

Class of Share Available

Only net *Accumulation Shares* are available in Class 1 and Class 2.

Investment Objective

The Investment objective of the *Company* is to provide an increase in value over the long term. The majority of the return will reflect income received with some potential for capital appreciation.

Investment Policy

The *Company*'s investment policy is to invest in a mixed portfolio of transferable securities (UK equities and bonds), derivatives (for the purposes of efficient portfolio management), deposits and units in collective investment schemes. The *Company* will follow an index-tracking approach in relation to the underlying asset classes within its portfolio. The aim is to track a benchmark (the "*Benchmark")* comprising:

- 55% FTSE All Share Index, GBP,
- 43% Bloomberg Barclays Sterling Gilts TR Index Value GBP, and
- 2% SONIA.

A range of recognised indexation techniques (as described below under "*Anticipated Tracking Error*") will normally be used to achieve the objective of tracking the *Benchmark*.

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

Indices Tracked

The Indices making up the *Benchmark* are detailed below:

1. FTSE All Share Index, is a market-capitalisation weighted index of UK-listed companies. This index is part of the FTSE UK Series and is designed to measure the performance of all companies traded on the London Stock Exchange. Market capitalisation is the share price of the company multiplied by the number of shares issued. The constituents of the index are rebalanced on a quarterly basis.

   The FTSE All Share Index is independently calculated according to the publicly available index rules available at:
   http://www.ftse.com/products/downloads/FTSE_UK_Index_Series_Guide_to_Calc.pdf

   For more information on the FTSE All Share Index, including its constituents, please go to:
   http://www.ftse.com/products/indices/uk

Benchmark Administrator

The *Benchmark* is administered by FTSE International Limited which is listed in the register of administrators of *benchmarks* maintained by the European Securities and Markets Authority.

2. The Bloomberg Barclays Sterling Gilt Total Return Index is a measure of GBP-denominated, fixed-rate, investment grade public obligations of the United Kingdom. The index tracks nominal Gilt issues only (inflation-linked bonds are not eligible for inclusion) and securities must have at least one year until final maturity to be eligible. Market values of each bond are used to derive security level weights for index level return aggregation. For each bond, market value is calculated each day based on the bond's current par amount outstanding, price and accrued interest.

   For more information on the Bloomberg Barclays Sterling Gilts TR Index, please go to: https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices-fact-sheets-publications/.

   Benchmark Administrator

   The *Benchmark* is administered by Bloomberg Index Services Limited which is listed in the register of administrators of *benchmarks* maintained by the European Securities and Markets Authority.

3. The Sterling Overnight Index Average (SONIA) is a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit, liquidity and other risks are minimal. On each London business day, SONIA is measured as the mean of interest rates paid on eligible sterling denominated deposit transactions. The *Benchmark* is administered by the Bank of England.

Anticipated Tracking Error

In seeking to achieve its investment objective, the *Company* shall hold investments, which make up the Benchmark, in similar proportions to it. For the *Company's* UK Equity portfolio and cash deposits, an approach of fully replicating the FTSE All Share Index and SONIA will be followed. The *Company* may hold underlying collective investment schemes that aim to track the FTSE All Share Index. However, for the Company's Government Securities portfolio a stratified sampling approach will be followed, which involves creating a representative portfolio with the correct weights by duration to achieve performance close to the Bloomberg Barclays Sterling Gilts TR Index Value GBP using the optimal choice of bonds to balance the overall tracking error and dealing costs.

The *Tracking Error* for the Company is impacted by:

- differences between the *Benchmark* and the *Company's* actual portfolio;
- any regulatory restrictions on the *Company's* investments matching the constituents

of the Indices;

- dealing costs, charges and other expenses; and
- the timing of income from investments, sales and purchases of investments to meet the cash flows of the *Company*.

As a result of these factors, the anticipated Tracking Error for the *Company*, calculated as an annualised standard deviation, is expected to be in the range of 1% to 2%.

Benchmark Administrators

The EU Benchmark Regulations, which came into force with effect from 1 January 2018, place various requirements on the use and administration of indices as benchmarks. The *Company* will only use indices whose administrators are registered with the FCA and appear in their *Benchmarks Register*.

The Bloomberg Barclays Sterling Gilts TR Index Value GBP is administered by Bloomberg Index Services Limited which is listed in the register of administrators of benchmarks maintained by the FCA.

The FTSE All Share Index, GBP is administered by FTSE International Limited who are listed in the register of administrators and benchmarks maintained by the FCA.

SONIA is administered by the Bank of England and as such the EU Benchmark Regulations, as implemented in the UK, do not apply.

Choice of Benchmark

The *Benchmark* above has been selected to determine the level of risk for the *Company.* 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.

Profile of Typical Investor

This *Company* 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 *Company* 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.

See Taxation page 69 for the tax treatment of distributions.

Allocation of Liabilities

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

Changes to the Company

Where any changes are proposed to be made to the *Company* 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 *Class*es of *Share*. *Share Class*es may be distinguished on the basis of different criteria which may include their minimum subscription, minimum holding and applicable charges. Access to certain *Share Class*es may also be restricted. The *Share Class*es currently available along with the details of subscription, holding criteria and restrictions on availability (if any) are listed below:

Class	Minima and Restrictions
Class 1:	• Minimum initial subscription £10 (less the *Initial Charge*) • Minimum additional subscription £10 (less the *Initial Charge*) • Minimum redemption £100 • Minimum holding £10 (less any *Initial Charges* deducted)
Class 2:	• Minimum initial subscription £100,000 • Minimum additional subscription £10 • Minimum holding £100,000

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 58. Any differences in annual management charges for different *Share Classes* will result in monies being deducted from different *Classes* in unequal proportions. In these circumstances the proportionate interests of different *Classes* will be adjusted accordingly (for an explanation of proportionate interests please refer to page 40).

Net *Accumulation Shares* are available within *Class* 1 and *Class* 2. Net *Income Share*s, gross *Income Share*s and gross *Accumulation Shares* may also be issued but are not currently offered.

Further *Class*es 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 *Class*, either a revised prospectus or a supplemental prospectus will be prepared setting out the relevant details of each *Class*.

Switching

*Shareholder*s are entitled (subject to certain restrictions) to *Switch* all or part of their *Share*s in a *Class* for *Share*s in another *Class* but not into any class of any other authorised fund of which the *ACD* is the authorised corporate director or authorised fund manager. Details of this switching facility and the restrictions are set out on page 25.

Income and Accumulation Shares

Holders of *Income Share*s will receive distributions. The *Company* currently only offers *Accumulation Shares*.

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 will be issued in respect of income which is accumulated.

If *Income Share*s are introduced and both income and *Accumulation Shares* are in existence, the relevant *Shareholders'* proportionate interests in the *Scheme Property* of the *Company* represented by each *Accumulation Share* increases as income is accumulated. Further, in these circumstances, the income of the *Company* is allocated between *Income Shares* and *Accumulation Shares* according to the relevant *Shareholders'* proportionate interests in the *Scheme Property* of the *Company* 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 *Share*s 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*, the *Investor Protection Fee* and any redemption charge (for further information see the section headed Dealing Charges, on page 28) 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 *Share*s may be bought or sold is the *Net Asset Value* of its *Class* (calculated at the relevant *Valuation Point*) divided by the number of *Share*s of that *Class* in issue. In addition the *ACD* reserves the right to make an *Initial Charge* on *Share*s purchased and a redemption charge on *Share*s sold. For both purchases and sales, an *Investor Protection Fee* may be imposed There is no current intention to impose a redemption charge in respect of *Class* 1 and *Class* 2 *Share*s.

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 34).

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.html
https://personal.natwest.com/personal/investments/existing-customers.html

The prices of *Shares* are also available by contacting the *ACD* by telephone as follows:

- Adult ISA (effected prior to October 2019) and direct investors: 0345 300 2585
- Child Trust Fund, Junior ISA and Adult ISA (effected from October 2019) investors: 0345 603 0313 (Natwest) and 0345 604 4500 (RBS)

Buying Shares

Applications to purchase *Share*s directly or via an Adult ISA (effected prior to October 2019) can be made by telephoning the *ACD* on 0845 300 2585* (subject to subsequent completion of an application/registration form for administrative purposes and verification purposes) or by sending a completed application form to the *Administrator*.

Applications to purchase Shares via the Junior ISA can be made at

https://personal.rbs.co.uk/personal/investments/junior-isa.html

or

http://personal.natwest.com/personal/investments/junior-isa.html

Applications to purchase Shares via existing Child Trust Fund accounts, can be made at http://personal.rbs.co.uk/personal/investments/existing-customers/Child_Trust_Fund.html and http://personal.natwest.com/personal/investments/existing-customers/Child_Trust_Fund.html

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, apart from for purchases of *Shares* via the *Junior ISA* as set out above.

Calls may be recorded for monitoring or training purposes

Applications for *Share*s which are received and accepted by the *ACD* by the *Share Dealing Cut-off time* on a *Dealing Day,* currently 3pm, will be dealt with at the price as at the *Valuation Point* for that day. Applications received and accepted after that time will be dealt with at the price calculated as at the *Valuation Point* for the following *Dealing Day*.

The *ACD* has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for *Share*s 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 *Share*s has been issued will not be returned to the applicant. Instead, Smaller Denomination *Share*s 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 *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 *Share*s 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 *Company'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 the *Company*, 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 *Share*s at any time during the 14 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 *Shares* 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 *Share*s until payment is received. If settlement is not made within a reasonable period, the *ACD* has the right to cancel any *Share*s issued in respect of the application.

Share certificates will not be issued in respect of registered *Share*s. Ownership of *Share*s will be evidenced by an entry on the *Register* of *Shareholder*s. Statements covering periodic distributions on *Share*s will show the number of *Share*s held by the recipient. Individual statements of a *Shareholder*'s (or in the case of joint holdings, the first named holder's) *Share*s 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 *Share*s subject normally to a minimum monthly subscription of £10. Contract notes for the purchase of *Share*s will not be issued to *Shareholder*s investing through a regular savings plan.

Selling Shares

A *Shareholder* wishing to sell *Share*s should contact the *ACD* by telephone on 0845 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 *Share*s and the *Company* will be required to redeem them in accordance with the procedures set out below.

Redemption requests received and accepted by the *ACD* by the *Share Dealing Cut-off time* on a *Dealing Day,* currently 3pm, will be dealt with at the price calculated as at the *Valuation Point* for that *Dealing Day*. All requests received and accepted after that time 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 *Share*s 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 *Business Day* following the *Valuation Point* by reference to which the redemption price is determined. The redemption monies will be paid within four *Business Day*s 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 *Shareholder*s and completed as to the appropriate number of *Share*s, 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 owing on the earlier sale of *Share*s 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 *Share*s 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 *Share*s to be redeemed is less than the minimum redemption amounts stated on page 20.

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 aggregate investment amount (if any) in a *Share Class* or the minimum holding in a *Share Class* as set out on page 20.

Switching

Subject to the qualifications below, a *Shareholder* may at any time *Switch* all or some of his *Share*s of one *Class* ("*Original Shares*") for the appropriate number of Shares of another *Class* ("*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 *Share*s) 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 Share*s and the decimal when multiplied by 1,000 represents the number of *Smaller Denomination Share*s.

If a *Shareholder* wishes to exchange *Share*s he should apply to the *ACD* in the same manner as for a sale as set out on page 24.

The *ACD* may at its discretion impose restrictions as to the *Class*es for which exchange may be effected and charge a fee on the switching of *Share*s, there is currently no fee on *Switch* between *Class*es 1 and 2

In the event that the *ACD* introduces an additional *Share Class* or *Class*es to comply with the regulations for *Stakeholder Product*s, as described on pages 20 and 58, the *ACD* will impose restrictions on access to such new *Share Class*(es) based on the length of time that *Class* 1 *Share*s have been held by the *Shareholder*(s) concerned.

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

A *Shareholder* who switches *Share*s in one *Class* for *Share*s in any other *Class* will not be given a right to withdraw from or cancel the transaction.

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 *NatWest 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* agree 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

No charge is currently made but a charge may be imposed by the *ACD* on the purchase of *Share*s by an investor. Further details can be found on page 59.

Switching Fee

There is no charge for switching *Share*s between *Class* 1 and *Class* 2.

Investor Protection Fee (dilution levy)

The basis of valuation of the *Company*'s investments for the purpose of calculating the issue and redemption price of *Share*s as stipulated in the *COLL Sourcebook* and the *Instrument of Incorporation* is summarised in the section headed 'Valuation' on page 34.

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 some circumstances (for example, large volumes of deals in *Share*s require the *Company* to purchase or sell investments) this may have a material adverse effect on the *Shareholder*s' interests in the *Company*. This effect is referred to as "dilution". To mitigate the effects of dilution, the *ACD* has the power to charge a dilution levy (referred to in this Prospectus as an "*Investor Protection Fee*") on the purchase and/or sale of *Share*s. If charged, this fee 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*. 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. The *ACD* may charge a discretionary *Investor Protection Fee* on the purchase and sale of *Share*s if, in its opinion, the existing *Shareholder*s (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 *Company*, which may constrain its capital growth.

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

1. on the *Company* 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 the *Company* 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 size of the *Company* whichever is the lesser;

4. where a *Shareholder* redeems a Shareholding within 30 days of its purchase;

5. in any other case where the *ACD* is of the opinion that the interests of existing/continuing *Shareholder*s and/or potential *Shareholder*s require the imposition of the *Investor Protection Fee*.

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

During 2019, no *Investor Protection Fee* was levied.

It is not possible to predict accurately 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 the *Company* on a frequent basis in the future. The amount of any *Investor Protection Fee* may vary over time. Should the *ACD* apply an *Investor Protection Fee* it is estimated that the *ACD* would apply a rate of 0.1%. This paragraph will continue to be revised from time to time.

Transfers

*Shareholder*s are entitled to transfer their *Share*s 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 63.

Compulsory Transfer and Redemption

*Share*s 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 the *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 the *Company* to provide investment management and/or investment advisory services in respect of the *Scheme Property* of the *Company*.

In this connection, the *ACD* has discretion to reject any application for the purchase, sale or switching of *Share*s.

If it comes to the notice of the *ACD* that any *Share*s (***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 *Shareholder*s in question is/are not qualified to hold such *Share*s or if it reasonably believes this to be the case, the *ACD* may give notice to the holder(s) of the affected *Share*s requiring the transfer of such *Share*s 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 *Share*s 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 *Share*s 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 *Share*s 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 *Share*s pursuant to the *COLL Sourcebook*.

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

In Specie Redemptions

If a *Shareholder* requests the redemption or cancellation of *Share*s the *ACD* may arrange that in place of payment of the price of the *Share*s in cash, the *Company* cancels the *Share*s 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 *Share*s represent over 5% (or such smaller percentage as the *ACD* may decide) of the value of the *Scheme Property*.

Before the proceeds of the cancellation of *Share*s 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 *Shareholder*s.

In Specie Applications

The *ACD* may, at its discretion and by special arrangement, agree to arrange for the *Company* to issue *Share*s 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 *Share*s is not likely to result in any material prejudice to the interests of *Shareholder*s or potential *Shareholder*s.

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 *Share*s.

The *ACD* will not issue *Share*s in exchange for assets the holding of which would be inconsistent with the investment objective of the *Company*.

General

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

The *ACD* is entitled to hold *Share*s for its own account and to satisfy requests for sale from its own holding. Although the *ACD* dealing in *Share*s 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 *Share*s 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 *Share*s.

The *ACD* is under no obligation to account to the *Company* or to *Shareholder*s for any profit it makes on the issue, reissue or cancellation of *Share*s 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* 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 *Share*s 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 *Share*s to the investor.

The *ACD* may use an external agency to verify the identity of *Shareholders* or potential *Shareholder*s 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 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 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 *Class* to which it relates.

The *Valuation Point* is at 11pm 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 the *Company* shall be 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 or selling prices are quoted, the average of those 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 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 is quoted, at that price; or

(ii) if separate buying or selling prices are quoted, 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 *Share*s 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 7 and 8 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.

For the purposes of paragraph 5, all agreements are to be included, which are, or ought to reasonably have been known to the person valuing the property, assuming that all other persons in the ACD’s employment have taken all reasonable steps to inform the ACD, immediately, of the making of any such agreement.

7. 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, stamp duty and *VAT*.

8. 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.

9. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

10. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

11. Add any other credits or amounts due to be paid into the *Scheme Property*.

12. Add a sum representing any interest or any income accrued due or deemed to have been accrued but not received and any stamp duty reserve tax provision anticipated to be received.

13. Currencies or values in currencies other than the base currency or (as the case may be) the designated currency 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*.

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 *Valuation Point* is set during the time when markets in which the Company's 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 of companies whose securities the fund holds;
7. credit default or distress; or
8. litigation.

Even if a *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 Period

The annual accounting period of the *Company* ends each year on 31 March (the accounting reference date). There is also a half yearly interim accounting period that ends each year on the 30 September.

Distributions

Distributions will be made by dividend payment.

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

In the event that income distributions become payable in the future distributions may be made by cheque or bank transfer or such other means of payment as may be permitted by the *ACD*.

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, taking account of the procedure set out below and the proportionate amounts of available income attributable to each *Class*.

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

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* is calculated by taking the aggregate of the income property received or receivable for the account of such *Share Class* in respect of that period, deducting charges and expenses paid or payable 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 units issued and units cancelled during the period.

5. making any other adjustments or any reimbursement of set-up costs that the *ACD* considers appropriate after consulting the *Auditors*.

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*.

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

The *ACD* will give the *Depositary* timely instructions to enable the *Depositary* to distribute the income allocated to *Income Shares* of each *Class* 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 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 that annual accounting period. Where other *Classes* are in issue 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*.

Income equalisation

The following provisions shall apply in respect of *Share*s in issue:

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 *Share*s in the same *Class* in issue but shall include a capital sum (***income equalisation***) representing the *ACD*'s best estimate of the amount of income included in the issue price of that *Share*.

The amount of income equalisation 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 *Share*s of that *Class* issued or sold to *Shareholder*s in the annual or interim accounting period in question and dividing that aggregate amount by the number of such *Share*s and applying the resultant average to each of the *Share*s in question.

Proportionate entitlements

The proportionate interests of each *Class* in the assets and income of the *Company* 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 aggregate balance on all the Proportion Accounts at that time.

There will be credited to a Proportion Account:

1. the subscription money (excluding any *Initial Charge*s or *Investor Protection Fee*) for the issue of *Share*s of the relevant *Class*;

2. that *Class*'s proportion of the amount by which the *Net Asset Value* exceeds the total subscription money for all *Share*s;

3. that *Class*'s proportion of the 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 *Share*s of the relevant *Class*;

2. the *Class*'s proportion of the amount by which the *Net Asset Value* falls short of the total subscription money for all *Share*s;

3. all distributions of income (including any equalisation) made to *Shareholder*s 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 *Class*es, but not in respect of the *Company* as a whole;

6. that *Class*'s proportion of the costs, charges and expenses incurred in respect of or attributable to the *Company* as a whole; and

7. any notional tax liability as referred to below.

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

Where a *Class* is denominated in a currency which is not the base currency of the *Company* the balance of the Proportion Account shall be translated into the base currency of the *Company* 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* or potential *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 *Shareholder*s 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 the *Company* is its "proportion".

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

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 the *Company* as it invests directly in a particular asset or because the *Company* 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 objective of the *Company* will be achieved. **It is important to note that past performance is not necessarily a guide to future returns or growth.** *Share*s 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.

Effect of Initial Charge

The *ACD*'s *Initial Charge* (if introduced) would be deducted from the investment at the outset. Hence an investor, having paid an *Initial Charge*, who redeems his *Share*s 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.

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 offer greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and limited 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.

Pandemic Risk

An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which the *Company* may invest, or globally, which may result in heightened uncertainty, misinformation, travel restrictions, supply chain disruptions and lower consumer demand. The impact of such pandemics and the response to them could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets, in ways that cannot necessarily be foreseen. These impacts may have a negative impact on the *Company's* investments and consequently its *Net Asset Value*. Investors may therefore experience significant fluctuations in the value of their investment as a result of highly volatile markets and market corrections during a pandemic. In addition, a serious outbreak of an infectious disease may also be a force majeure event under contracts that the *Company* or *ACD* has entered into with service providers thereby relieving a service provider of the requirement for timely performance of certain obligations to the *Company*.

Suspension of Dealings

In certain circumstances the right to redeem *Share*s may be suspended (see "Suspension of Dealings in the *Company*") on page 32.

Sub-Investment Grade Bonds

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

Charges to Capital

Where the investment objective of the *Company* 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.

Inflation

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

Purchased Options

The *Company* may hold *Derivatives* in OTC markets for hedging purposes. 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

The *Company* may hold *Derivatives* in OTC markets for hedging purposes. Written options give the right of potential exercise to a third party. This creates exposure for the *Company* 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 *Company'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.

Liquidity Risk

The risk that an asset held in a *Fund's* portfolio cannot be sold or closed out without doing so at a significant discount to the current price in an adequately short timeframe and that the ability of the Company to facilitate dealing in its shares, as set out on p20, is impaired. 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. When trading *Derivatives*, market demand can impact the ability to acquire or liquidate assets.

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.

Strategy Risk

The *Company* follows an index-tracking approach in relation to the underlying asset classes within its portfolio which involves aiming to track a customised benchmark comprising 55% FTSE All Share Index, 43% Bloomberg Barclays Sterling Gilts TR Index Value GBP and 2% SONIA (the "**Indices**"). Therefore, performance, before deduction of charges, is expected to reflect falls and rises in the level of the Indices.

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 the *Company'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 *NWG,* a company incorporated in the United Kingdom. The Directors of the *ACD* are listed in Appendix VI.

The registered office of the *ACD* and its principal place of business is 6-8 George Street, Edinburgh, EH2 2PF.

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

The *ACD* provides its services to the *Company* under the terms of an agreement ("the *ACD Agreement*") effective from 8 October 2013 (and amended). 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*) 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 *Shareholder*s for any profit it makes on the issue, re-issue or cancellation of *Share*s 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 58 to 59.

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 Schemes 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 funds 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 and 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 59.

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 of its 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 ("Europe, Middle East and Africa") 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*.

<u>Delegation</u>

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***"). 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* 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* may be terminated 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 of the *Investment Management Agreement* 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 the *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 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 United Kingdom by the PRA and is 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 NWG, a company incorporated in the United Kingdom.

The *Investment Manager*'s fees are 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 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*.

The Company Administrator

The *ACD* has appointed SS&C Financial Services Europe Limited to provide administration services to the *ACD* and to act as *Registrar* in respect of the *Company* and *Adult ISAs* effected prior to October 2019 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*.

The Child Trust Fund Administrator

The *ACD* has appointed Target Servicing Limited to provide administration services to the *ACD* in respect of *Child Trust Fund* holdings and to maintain the sub-registers for such holdings by an agreement effective from 12 December 2016 between the *ACD* and the *Child Trust Fund Administrator*.

The *Child Trust Fund Administrator’s* fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Child Trust Fund 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*.

The Junior ISA Administrator

The *ACD* has appointed Target Servicing Limited to provide administration services to the *ACD* in respect of *Junior ISA* holdings and to maintain the sub-registers for such holdings under an agreement dated 2 October 2019 between the *ACD* and the *Junior ISA Administrator*.

The *Junior ISA Administrator's* fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Junior ISA 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*.

The Adult ISA Administrator

The *ACD* has appointed Target Servicing Limited to provide administration services to the *ACD* in respect of *Adult ISA* holdings effected from October 2019 and to maintain the sub-registers for such holdings under an agreement dated 2 October 2019 between the *ACD* and the *Adult ISA Administrator*.

The *Adult ISA Administrator's* fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Adult ISA 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

A *Register* of *Shareholder*s is maintained by the *Registrar* at its office at SS&C 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.

The sub-registers in respect of Child Trust Fund and *Junior ISA* holdings are maintained by Target Servicing Limited at its office at Imperial Way, Newport, Gwent NP20 8UH 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.

*Shareholder*s (other than those in respect of *Child Trust Fund, Adult ISA, effected after October 2019.* and Junior ISA holdings) will be able to monitor their holdings by a statement showing transactions in shares and current holdings which will be sent out to all *Shareholder*s, 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.

For holdings in respect of the *Child Trust Fund, Adult ISA (effected after October 2019)* and Junior ISA statements will be issued annually which will be sent out to the registered contact.

If any *Shareholder* requires evidence of title to *Share*s 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*. *Shareholder*s 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 Manager*s or advisers to other companies, funds or sub-funds which follow similar investment objectives to those of the 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*. 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 *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 where investment is via the *Adult ISA, effected prior to October 2019,* and Imperial Way, Newport, Gwent, NP20 8UH where investment is via the *Child Trust Fund,* the *Junior ISA or the Adult ISA (effected after October 2019)*.

Order Execution information

The ACD is responsible for the investment management of the underlying assets of 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 the investment management of the *Company* to the *Investment Manager*, it is the *Investment Manager* who executes decisions to deal on behalf of the *Company*. The *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 where investment is via the *Adult ISA, effected prior to October 2019,* and Imperial Way, Newport, Gwent, NP20 8UH where investment is via the *Child Trust Fund,* the *Junior ISA* or the *Adult ISA (effected after October 2019)*.

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 where investment is via the *Adult ISA, effected prior to October 2019* and Imperial Way, Newport, Gwent, NP20 8UH where investment is via the *Child Trust,* the *Junior ISA* or the *Adult ISA* (effected after October 2019).

Fees and Expenses

Charges for Stakeholder Products, the Child Trust Fund, Adult ISA and Junior ISA

The *ACD* currently intends to manage the *Company* to make it available for *Stakeholder Products* and *Child Trust Fund, Adult ISA* and Junior ISA holdings. Whilst this continues to be the case, the *ACD* will take whatever action it decides is necessary (including, but not limited to, reducing the annual management charge and/or introducing new *Share Class*es) to ensure compliance with the regulations for *Stakeholder Product*s, *Child Trust Funds, Adult ISAs and Junior ISAs*. The regulations for *Stakeholder Product*s and *Child Trust Funds* include limits on the total charges and expenses that can be levied for such products.

Payments to the ACD

Annual Management Charge

The *ACD* is entitled under its agreement with the *Company* to levy a management fee calculated by reference to an annual percentage rate based on the *Net Asset Value* of the *Company* in payment for carrying out its duties and responsibilities. The current annual management charge for *Class* 1 is 0.92% and for *Class* 2 is 0.67%.

The annual management fee accrues daily and is payable monthly in arrears.

The *ACD*'s fees and expenses will be charged against the income of the *Company*. If the *ACD*'s fees and expenses for a *Share Class* exceeds the income in any period, 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:

1. the *ACD* has given 60 days' notice in writing of the introduction or increase and the date of its commencement to all *Shareholder*s 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 *Shareholder*s.

Initial Charge

The *ACD* is permitted to make an *Initial Charge* upon a sale of *Share*s. The *Initial Charge* is deducted from the gross amount tendered for investment and the balance is invested in the *Company*.

The current *Initial Charge* for *Class* 1 and *Class* 2 is 0%.

Switching Fee

If a *Shareholder* switches *Share*s in one *Class* for *Share*s in another Class 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 28.

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 *Shareholder*s 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 below under “Payments out of the *Scheme Property* of the *Company*” 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, Child Trust Fund Administrator’s and Junior ISA Administrator’s Fees,

The *Investment Manager*'s, *Administrator*’s, *Child Trust Fund Administrator*’s and *Junior ISA Administrator*’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 below under "Payments out of the *Scheme Property* of the *Company*".

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* with the *Scheme Property* being valued and such remuneration accruing and being paid on the same basis as the annual management charge.

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.

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*, subject to approval by the *ACD*.

The *Custodian* of the *Scheme Property* is entitled to receive reimbursement of the *Custodian*'s fees as an expense of the Company. 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:

- the fees and expenses payable to the *ACD* (which will include the fees and expenses payable to Coutts & Company, as *Investment Manager*);
- 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*);
- the fees and expenses in respect of establishing and maintaining the *Register of Shareholders* and/or plan sub-registers and related functions;
- expenses incurred in distributing and dispatching income and other payments to *Shareholders*;
- fees and expenses in respect of the publication and circulation of details of Share prices;
- the fees, expenses and disbursements of the *Auditors* and tax, legal and other professional advisers of the *Company*;
- the costs of convening and holding *Shareholder* meetings (including meetings of *Shareholders* in any particular *Class*) and of producing associated documentation;
- the costs of preparing, printing and distributing reports, accounts and 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;
- taxation and duties payable by the *Company* without limitation in respect of the *Scheme Property* or the issue or redemption of *Shares*;
- fees and expenses incurred in acquiring, disposing of and registering investments (including brokers' commissions any issue or transfer taxes or stamp duty);
- 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;
- 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;
- all expenses of any nature of or incidental to deposits of cash made by the Company;
- 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);
- 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;
- safe custody charges;
- costs of dealing in the *Scheme Property* necessary to be incurred and normally shown in contract notes and similar documents;
- royalty fees incurred for the use of stock exchange index names;

- any liabilities on amalgamation or reconstruction of the *Company* arising after transfer of property to the *Company* in consideration for the issue of *Shares* in accordance with the *COLL Sourcebook*;
- directors' remuneration in the event that the *Company* has directors in addition to the *ACD*;
- the fees and expenses incurred in establishing any new *Share Class*, 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*;
- any payments otherwise due by virtue of the applicable rules within the *FCA Handbook*;
- any *VAT* or similar tax payable on these charges.

It is not currently proposed to seek a listing for the *Share*s 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.

Allocation of Fees and Expenses

All the above fees and expenses (other than those borne by the *ACD*) will be charged to the *Company*.

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 *Shareholder*s generally and will normally be allocated to all *Class*es pro rata to the value of the net assets of the relevant *Class*.

The *Annual Management Charge* will be attributed to the *Class* of *Share*s in respect of which it is imposed.

Value Added Tax

Where this Prospectus provides that a consideration shall be paid for a 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 6-8 George Street, Edinburgh, EH2 2PF) contains provisions to the following effect:

Object

The object of the *Company* will be to invest the *Scheme Property* in transferable securities, derivatives (for the purposes of efficient portfolio management), 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

The *Company* may from time to time issue *Share*s of different *Class*es and the *ACD* may by resolution from time to time create additional *Class*es (whether or not falling within one of the *Class*es in existence on incorporation).

Transfer of Shares

1. All transfers of registered *Share*s 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 *Share*s of the *Class* concerned or *Share*s 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

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

2. 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 *Auditor*s against liability incurred in defending proceedings for negligence, default, breach of duty or breach of trust in relation to the *Company* in which judgement 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 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 Meetings

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 *Shareholder*s at any time.

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

Notice and Quorum

*Shareholder*s will receive at least 14 days' written notice of a *Shareholder*s' 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 *Shareholder*s 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 corporation, by a duly authorised representative.

Notices of meetings, and adjourned meetings or documents will be served on *Shareholder*s in writing by post at their registered addresses.

Voting Rights

Generally, *Shareholder*s are entitled to receive notice of a meeting and to vote at a meeting if they were holders of *Share*s 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 *Shareholder*s, 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 *Share*s in issue as the price of the *Share*s bears to the aggregate price(s) of all the *Share*s 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 *Share*s, may not vote or be counted in the quorum for a meeting and any *Share*s 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 *Share*s. For these purposes third party *Share*s are any *Share*s 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 *Shareholder*s 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 *Shareholder*s in a general meeting.

There are circumstances, however, in which *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 objective

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.

*Shareholder*s 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 *Share*s of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the *Shareholder*s or of any *Class* 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 *Share*s 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 *Shareholder*s, or of any *Class* 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 Meetings

The above provisions, unless the context otherwise requires, apply to *Class* meetings as they apply to general meetings of *Shareholder*s but by reference to *Share*s of the *Class* concerned and the *Shareholder*s and prices of such *Share*s.

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 *Shareholder*s of that *Class* 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 *Company* and investments in the *Company*. 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 *Shareholder*s should consult their professional advisers for specific advice in connection with any decision to acquire, hold or dispose of *Share*s. *Shareholder*s 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 *Company*

The *Company* is liable to corporation tax at a rate of 20% on its net income, excluding dividends which will generally not be subject to UK tax. The *Company* 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*.

The *Company* may be subject to withholding taxes on income or gains which may be irrecoverable. Where irrecoverable foreign withholding tax is incurred by the *Company* 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.

The *Company* 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

*Shareholder*s may potentially be liable for tax both on any income they receive from their *Share*s and on any profit they realise on disposing of their *Share*s.

- **Income Equalisation**

The price of a *Share* is based on the value of that *Share Class*'s proportionate interest in the *Company* including its proportionate interest in the income of the *Company* 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.*

Equalisation does not apply to *Share*s already held at the beginning of the accounting period. It applies only to *Share*s 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

The *Company* has to meet the "qualifying investments" test to be considered a 'Bond Fund'. Generally, a *Company* is considered to have met the "qualifying investments" test if throughout the accounting period the value of its interest paying investments (e.g. gilts and bonds) exceed 60% of the value of the *Company*.

ISA (Individual Savings Account) Shareholders

It is possible to invest in all *Classes* of *Shares* of the *Company* 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 *Share*s held via an ISA is not taxable in the UK.

- **Profits on disposal of Shares**

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

UK Resident Individual Shareholders

- **Distributions and accumulations**

Depending on the income of the *Company* 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 UK 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 *Bond Funds*.

Interest distributions and 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 *the Company* 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. If *Shares* are exchanged for *Shares* of a different class, 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 *Company* 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 *Company*, (which would generally include all dividend income of the *Company*), and that part which relates to the other income and is classified as an annual payment. Where the *Company* 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.

- **Increases in value of Shares**

Any UK Resident Corporate Investor holding *Shares* in the *Company* which is considered to be a 'Bond Fund' must treat the *Company* holding as a creditor relationship.

- **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* that is not a Bond Fund is subject to corporation tax on chargeable gains.

Compliance with tax reporting requirements

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

The UK has Automatic Exchange of Information agreements under 4 regimes.

FATCA

The agreement between the UK and USA requires UK financial institutions to report to HMRC on US customers that hold accounts with them.

Crown Dependencies and Overseas Territories

The agreement between the UK and its Crown Dependencies and UK Overseas Territories to report on those who are tax residents in one territory and hold accounts in the other.

Common Reporting Standard

The standard for all automatic exchange of financial information.

Directive on Administrative Co-operation

The Directive which applies the Common Reporting Standards throughout the UK and EU.

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 *Company* is obliged to comply with the provisions of *FATCA* under the terms of UK legislation implementing the UK/US Agreement (the "UK IGA Legislation"). UK financial institutions, including the *Company,* 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"). 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 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.

The agreements between the UK and its Crown Dependencies and UK Overseas Territories operates in the same way as that with the U.S. All the crown dependencies and overseas territories entered into automatic tax information exchange agreements with the UK in 2013.

In addition, The Common Reporting Standard ("***CRS***") framework was first released by the OECD in February 2014. To date, more than 150 jurisdictions have publicly committed to implementation, and over 100 jurisdictions, including the United Kingdom and EU States, had undertaken exchanges by 2019. CRS provides 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 Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. There are 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.

Under the CRS Regulations reporting financial institutions, are required to collect certain information on account holders 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.

By signing the application form to subscribe for *Shares* in the *Company*, each *Shareholder* is agreeing to provide information upon request from the *ACD* or the *Company* which relates to tax reporting requirements. Please note that the *ACD* and the *Company* 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 the *Company*.

Winding up of the Company

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

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

Subject to the above, the *Company* will be wound up under the *COLL Sourcebook*:

1. if an extraordinary resolution to that effect is passed by *Shareholder*s; or

2. if the *Share* capital of the *Company* is below its prescribed minimum 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

3. if the *FCA* agrees to a request by the *ACD* for the revocation of the authorisation order in respect of the *Company*.

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*;

2. the *Company* will cease to issue and cancel *Share*s;

3. the *ACD* shall cease to sell or redeem *Share*s or arrange for the *Company* to issue or cancel them for the *Company*;

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. 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* falls to be wound up, realise the assets and meet the liabilities of the *Company* 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 to *Shareholder*s proportionately to their rights to participate in the *Scheme Property* of the *Company*.

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

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*, the *ACD* must prepare a final account showing how the winding up was conducted and how the *Scheme Property* was distributed. The *Company*'s *Auditor*s 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 *Auditor*s' 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
or
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 9.00am and 5.00pm on every *Business Day* at the offices of the *ACD* at 6-8 George Street, Edinburgh, EH2 2PF:

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 ACD Agreement 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 in 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* effective from 24 December 2004 (as amended by a deed dated 8 October 2018) 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 compliance officer of the *ACD* at (i) PO BOX 9908, Chelmsford, Essex CM99 2AF by investors who have invested via the *Adult ISA prior to October 2019,* and *(ii)* Imperial Way, Newport, Gwent, NP20 8UH where investment is via the *Child Trust Fund,* the *Junior ISA*, or the *Adult ISA,* (effected after October 2019). If you are not satisfied with our response, complaints can be referred to the Investment Division of 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 the appropriate above address.

Appendix I
Investment and Borrowing Powers and Restrictions

Investment Restrictions

The property of the *Company* will be invested with the aim of achieving the investment objective of the *Company* 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 UCITS Schemes (as summarised below); and

(ii) the *Company's* investment policy.

The *ACD* shall ensure that, taking into account the investment objective of the *Company* and its investment policy, the property of the *Company* aims to provide a prudent spread of risk. Particular requirements as to this spread of risk are set out below.

General

The property of the *Company* 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 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* 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 the United Kingdome or 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 the *Company* having regard to the relevant criteria in the *COLL Sourcebook* and guidance from the *FCA*. Such markets must operate regularly and 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 *Company* are set out in Appendix III.

Spread: general

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

When the *Company* invests in *Derivatives*, the exposure to the underlying assets must not exceed the spread limits referred to below. However, if the *Company* 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.

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 section 399 of Companies Act 2006, the Seventh Council Directive 83/349/EEC of 13th 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 per cent. in value of the *Scheme Property* may 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 the *Company* invests more that 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% in value of the *Scheme Property*. 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 the *Scheme Property* 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) the United Kingdome or an *EEA State*;

(b) a local authority of the United Kingdom or an *EEA State*;

(c) a non-*EEA State*; or

(d) a public international body to which the United Kingdom or 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 the *Company* 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 II.

The *Company* may invest more than 35 per cent 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 *Company*;

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 any 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) The *Company* may invest in a transferable security only to the extent that the transferable security fulfils the following:

(a) the potential loss which the *Company* 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) The *Company* 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 UCITS Scheme 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* 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 *Company* is invested in second schemes of the type described in 1(b) to (e) below:

1. The second scheme must:
    a) Be a UCITS Scheme; 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 COLL 5.2.13AR are met ; or
    c) be authorised as a non-UCITS retail scheme (providing the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or
    d) be authorised in an *EEA State* provided the requirements of COLL 5.2.13AR are met are met; or

e) be authorised by the competent authority of an OECD member country (other than another *EE 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 COLL 5.2.13ARare 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 per cent. 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 sub-fund as if it were a separate scheme.

Subject to the limitations set out in this section, the *Company* 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 *Company* 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*.

Investment in *securitisation* positions

Where the ACD is exposed to a *securitisation* in respect of a Fund that does not meet the requirements provided for in the *Securitisation* Regulation (COLL5.2.17A R), it must, in the best interests of the investors in the relevant Fund, act and take corrective action, if appropriate.

Deposits

The *Company* may only invest in deposits 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 from the date of investment.

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 scheme.

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 the *Company*. 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 *Company*, 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 *Company* are set out in Appendix II.

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.

(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 *Company* 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 the *Company* 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 the *Company* may be entered into only if such *Scheme Property* can be held for the account of the *Company*, 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.

The *Company's* 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* transactions for the *Company* must be to achieve one of the following aims:

   (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 *Company* relates to the acquisition or potential acquisition of transferable securities, the *ACD* must intend that the *Company* 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 Company with no, or an acceptably low level of, risk which is consistent with the Company'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 *Company* 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 *Company*; and anticipated cash receipts of the *Company*, 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.

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.

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 and 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 the above paragraph, "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 also 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; and

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.

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 scheme's investment objectives;

2. for the redemption of *Share*s

3. efficient management of the *Company* in accordance with its investment objectives; or

4. for a purpose which may reasonably be regarded as ancillary to the investment objectives of the *Company*.

Risk Management

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

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 business of that body corporate; or
2. the acquisition gives the *Company* that such 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* must not acquire transferable securities other than debt securities which:

1. (a) do not carry 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 issuing 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

Stock lending 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 *Company*'s request, may enter into stock lending transactions (involving a disposal of securities in the *Company* 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 *Company* with an acceptable degree of risk.

Such transactions must always comply with the 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

Underwrite 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

A potential breach of any of these limits does not prevent the exercise of rights conferred by the investments held by the *Company* 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 *Shareholder*s.

Appendix II
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 III
Eligible Securities Markets and Eligible Derivatives Markets

Eligible Securities Markets

A securities market is an eligible market if it is the principal or only market established under the rules of any of the following investment exchanges in the United Kingdom plus any past or future component exchanges/acquirers thereof:

the Alternative Investment Market.

In addition to the above, the *Company* can invest in any securities market of the United Kingdom on which transferable securities are admitted to official listing and dealt or traded.

Eligible Derivatives Markets

A *Derivatives* market is an eligible market if it is established under the rules of any of the following designated or recognised investment exchanges in the United Kingdom: plus any past or future component exchanges/acquirers thereof

ICE (Intercontinental Exchange)
Turquoise Derivatives

In addition to the above, the *Company* can invest in any *Derivatives* market of the United Kingdom on which *Derivatives* are admitted to official listing and dealt or traded

Appendix IV
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 Investment Funds ICVC	Balanced Fund* 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.

Appendix V Past Performance

The performance shown in the tables below is for the *Company* 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 2019.

***Share Class* 1** - Yearly performance figures over five years

% Growth					
	1/1/2019 to 31/12/19	1/1/2018 to 31/12/18	1/1/2017 to 31/12/17	1/1/2016 to 31/12/16	1/1/2015 to 31/12/15
Fund	**+12.3**	**-6.0**	**+6.2**	**+11.3**	**-0.4**
Benchmark	**+12.7**	**-4.7**	**+7.9**	**+13.6**	**+0.9**

Appendix VI Directors of the ACD

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

Director	Other Directorships
Dickson Anderson	
Stephanie Eastment	Impax Environmental Markets plc Herald Investment Trust plc Murray Income Trust plc Buffettology Smaller Companies Investment Trust PLC
Philip Hunt	RBS Asset Management Holdings RBS Asset Management (ACD) Limited
Laura Newman	
Georgina Perceval-Maxwell	RBS Asset Management (Dublin) Limited Equator ICAV

Appendix VII- List of Subcustodians and other delegates

Country/Market	Sub - Custodian	Location
All Markets	FundSettle	London, UK
Argentina	Citibank N.A., Argentina	Buenos Aires
Australia	The Hongkong and Shanghai Banking Corporation Limited	Parramatta, NSW
Austria	UniCredit Bank Austria AG	Vienna
Bahrain	HSBC Bank Middle East Limited	Bahrain
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited	Dhaka
Belgium	The Bank of New York Mellon SA/NV	Brussels
Belgium	Citibank Europe Plc, UK branch	London, UK
Bermuda	HSBC Bank Bermuda Limited	Hamilton
Botswana	Stanbic Bank Botswana Limited	Gaborone
Brazil	Citibank N.A., Brazil	Sao Paulo
Brazil	Itau Unibanco S.A.	Sao Paulo
Bulgaria	Citibank Europe plc, Bulgaria Branch	Sofia
Canada	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
Cayman Islands	The Bank of New York Mellon	New York, USA
Channel Islands	The Bank of New York Mellon	New York, USA
Chile	Banco de Chile	Santiago
Chile	Itau Corpbanca S.A.	Santiago
China	HSBC Bank (China) Company Limited	Shanghai
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
Costa Rica	Banco Nacional de Costa Rica	San José

Croatia	Privredna banka Zagreb d.d.	Zagreb
Cyprus	BNP Paribas Securities Services	Athens, Greece
Czech Republic	Citibank Europe plc, organizacni slozka	Prague
Denmark	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
Egypt	HSBC Bank Egypt S.A.E.	Cairo
Estonia	SEB Pank AS	Tallinn
Eswatini	Standard Bank Eswatini Limited	Mbabane
Euromarket	Clearstream Banking S.A	Luxembourg
Euromarket	Euroclear Bank	Brussels, Belgium
Finland	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
France	The Bank of New York Mellon SA/NV	Brussels, Belgium
Germany	The Bank of New York Mellon SA/NV	Frankfurt am Main
Ghana	Stanbic Bank Ghana Limited	Accra
Greece	BNP Paribas Securities Services	Athens
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	Kowloon
Hungary	Citibank Europe plc. Hungarian Branch Office	Budapest
Iceland	Landsbankinn hf.	Reykjavik
India	Deutsche Bank AG	Mumbai
India	The Hongkong and Shanghai Banking Corporation Limited	Mumbai
Indonesia	Deutsche Bank AG	Jakarta
Ireland	The Bank of New York Mellon	New York, USA
Israel	Bank Hapoalim B.M.	Tel Aviv

Italy	The Bank of New York Mellon SA/NV	Brussels, Belgium
Japan	Mizuho Bank, Ltd.	Tokyo
Japan	MUFG Bank, Ltd.	Tokyo
Jordan	Standard Chartered Bank, Jordan Branch	Amman
Kazakhstan	Citibank Kazakhstan Joint-Stock Company	Almaty
Kenya	Stanbic Bank Kenya Limited	Nairobi
Kuwait	HSBC Bank Middle East Limited, Kuwait	Safat
Latvia	AS SEB banka	Kekavas novads
Lithuania	AB SEB bankas	Vilnius
Luxembourg	Euroclear Bank	Brussels, Belgium
Malawi	Standard Bank PLC	Lilongwe
Malaysia	Deutsche Bank (Malaysia) Berhad	Kuala Lumpur
Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt am Main, Germany
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	Ebene
Mexico	Banco S3 CACEIS México S.A.. , Institucion de Banca Multiple	Ciudad de México
Mexico	Citibanamex	Colonia Santa Fe
Morocco	Citibank Maghreb S.A.	Casablanca
Namibia	Standard Bank Namibia Limited	Windhoek
Netherlands	The Bank of New York Mellon SA/NV	Brussels, Belgium
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	Auckland
Nigeria	Stanbic IBTC Bank Plc.	Lagos
Norway	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
Oman	HSBC Bank Oman S.A.O.G.	Sultanate of Oman

Pakistan	Deutsche Bank AG	Karachi
Peru	Citibank del Peru S.A.	Lima
Philippines	Deutsche Bank AG	Taguig City 1634
Poland	Bank Polska Kasa Opieki S.A.	Warszawa
Portugal	Citibank Europe Plc	Dublin, Ireland
Qatar	HSBC Bank Middle East Limited, Doha	Doha
Romania	Citibank Europe plc Dublin, Romania Branch	Bucharest
Russia	PJSC ROSBANK	Moscow
Saudi Arabia	HSBC Saudi Arabia	Riyadh
Serbia	UniCredit Bank Serbia JSC	Belgrade
Singapore	DBS Bank Ltd	Singapore
Slovak Republic	Citibank Europe plc, pobocka zahranicnej banky	Bratislava
Slovenia	UniCredit Banka Slovenia d.d.	Ljubljana
South Africa	Standard Chartered Bank	Johannesburg
South Africa	The Standard Bank of South Africa Limited	Johannesburg
South Korea	The Hongkong and Shanghai Banking Corporation Limited	Seoul
South Korea	Deutsche Bank AG	Seoul
Spain	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
Spain	Caceis Bank Spain, S.A.U.	Madrid
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited	Colombo
Sweden	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
Switzerland	Credit Suisse (Switzerland) Ltd	Zurich

Switzerland	UBS Switzerland AG	Zurich
Taiwan	HSBC Bank (Taiwan) Limited	Taipei City
Tanzania	Stanbic Bank Tanzania Limited	Dar es Salaam
Thailand	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
Tunisia	Union Internationale de Banques	Tunis
Turkey	Deutsche Bank A.S.	Istanbul
U.A.E.	HSBC Bank Middle East Limited, Dubai	Dubai
U.K.	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	London
U.K.	The Bank of New York Mellon	New York, USA
U.S.A.	The Bank of New York Mellon	New York
U.S.A. Precious Metals	HSBC Bank, USA, N.A	New York
Uganda	Stanbic Bank Uganda Limited	Kampala
Ukraine	Public Joint Stock Company "Citibank"	Kiev
Uruguay	Banco Itaú Uruguay S.A.	Montevideo
Vietnam	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
WAEMU	Société Générale Côte d'Ivoire	Abidjan 01, Ivory Coast
Zambia	Stanbic Bank Zambia Limited	Lusaka
Zimbabwe	Stanbic Bank Zimbabwe Limited	Harare