

# **PROSPECTUS**

**OF**

**IFSL CH SPECIAL MANDATES FUND**

**An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000588**

**Valid at 9 April 2024**

**A UCITS scheme with FCA Product Reference Number: 473038**

## IFSL CH Special Mandates Fund

### Prospectus

This document constitutes the Prospectus for IFSL CH Special Mandates Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus has been prepared solely for, and is being made available to, investors for the purposes of evaluating an investment in Shares in the Sub-funds. Investors should only consider investing in the Sub-funds if they understand the risks involved including the risk of losing all capital invested.

All communications in relation to this Prospectus shall be in English.

This Prospectus is dated, and is valid as at, 9 April 2024.

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

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Investment Fund Services Limited, the authorised corporate director of the Company, is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Investment Fund Services accepts responsibility accordingly.

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

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## Disclaimer

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

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

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

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders a summary of which are included in this Prospectus and a copy of the Instrument of Incorporation is available on request.

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

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Investment Fund Services Limited that this is the most recently published prospectus.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Rules or otherwise.

## 1 DEFINITIONS

<b>“Act”</b>	The Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time
<b>“ACD”</b>	Investment Fund Services Limited, the Authorised Corporate Director of the Company
<b>“ACD Agreement”</b>	An agreement between the Company and the ACD
<b>“Approved Bank”</b>	(In relation to a bank account opened by the Company):  (a) If the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) If the account is opened elsewhere:  (i) a bank in (a); or (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank
<b>“Auditor”</b>	Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Company from time to time
<b>“Business Day”</b>	A day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Sub-fund’s portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such
<b>“Class” or “Classes”</b>	In relation to shares, means (according to the context) all of the shares related to a single Sub-fund or a particular class or classes of share related to a single Sub-fund

<b>“Client Money”</b>	Client money means any money that a firm receives from or holds for, or on behalf of, a Shareholder in the course of, or in connection with, its business unless otherwise specified
<b>“COLL”</b>	Refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time
<b>“Company”</b>	IFSL CH Special Mandates Fund
<b>“Custodian”</b>	Caceis Bank, UK Branch, or such other entity as is appointed to act as custodian;
<b>“Dealing Day”</b>	Monday to Friday where these days are business days, excluding the last trading day before the 25 <sup>th</sup> December or any day on which the ACD has notified the Depositary that it is not open for normal business or otherwise agreed between the ACD and the Depositary
<b>“Depositary”</b>	NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Depositary
<b>“Director” or “Directors”</b>	The directors of the Company from time to time (including the ACD)
<b>“EEA State”</b>	A member state of the European Union and any other state which is within the European Economic Area
<b>“Efficient Portfolio Management” or “EPM”</b>	An investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL
<b>“Eligible Institution”</b>	One of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook
<b>“EMT”</b>	European MiFID Template
<b>“FCA”</b>	The Financial Conduct Authority or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority
<b>“FCA Rules”</b>	The FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook), as they may be amended or updated from time to time
<b>“Fund” or “Funds”</b>	a fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to

	which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such fund.
<b>“ICVC”</b>	Investment company with variable capital
<b>“Instrument of Incorporation”</b>	The instrument of incorporation of the Company as amended from time to time
<b>“Investment Manager”</b>	The investment manager to the ACD in respect of the Company
<b>“Leverage”</b>	means any method by which the exposure of a Fund is increased, whether through borrowing of cash or transferrable securities or leverage embedded in derivative positions or by any other means
<b>“MiFID II”</b>	Markets in Financial Instruments Directive, effective from 3 January 2018
<b>“Net Asset Value” or “NAV”</b>	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
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time
<b>“Register”</b>	the register of Shareholders of the Company
<b>“Registrar”</b>	Investment Fund Services Limited, or such other entity as is appointed to act as Registrar to the Company from time to time
<b>“Regulations”</b>	the OEIC Regulations and the FCA Rules
<b>“Scheme Property”</b>	the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Share” or “Shares”</b>	a share or shares in the Company
<b>“Shareholder”</b>	a holder of registered shares in the Company and whose name is entered on the register in relation to that share
<b>“Sub-fund” or “Sub-funds”</b>	a Sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such Sub-fund

<b>“Switch”</b>	the exchange where permissible of shares of one Sub-fund or fund for shares of another Sub-fund or fund
<b>“UCITS”</b>	means an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS Scheme or an EEA UCITS scheme, as defined in the Financial Conduct Authority Handbook;
<b>“UCITS Directive”</b>	means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relation to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) (as amended);
<b>“UCITS scheme”</b>	means a UK UCITS, as defined in the FCA Handbook;
<b>“UK UCITS”</b>	means, in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA;
<b>“Valuation Point”</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day
<b>“VAT”</b>	value added tax



## 2 DETAILS OF THE COMPANY

### GENERAL INFORMATION

#### General

IFSL CH Special Mandates Fund (the Company) is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000588 and authorised and regulated by the Financial Conduct Authority with effect from 8 November 2007. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

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

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

#### Head Office

The head office of the Company is at:  
Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP.

#### Address for Service

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

#### Base Currency

The base currency of the Company and each Sub-fund is Pounds Sterling or such other currency as may be the lawful currency of the UK from time to time.

#### Share Capital

Maximum	£100,000,000,000
Minimum	£1,000,000

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

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

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion

refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund(s). For these purposes, the ACD may consider an investor's trading history in the Sub-fund(s) or other Investment Fund Services Limited funds and accounts under common ownership or control.

Information on the typical investor profile for each Sub-fund is set out in Appendix IV.

## THE STRUCTURE OF THE COMPANY

### **The Sub-funds**

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

The Company is a UCITS scheme.

FCA Product Reference Number: 473038

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

The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

Each Sub-fund has a specific portfolio to which that Sub-fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Sub-fund is treated as a separate entity.

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

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

## Shares

### Classes of Share within the Sub-funds

Shares will be issued at the initial price of £1, and will not be issued in either larger or smaller denominations.

Shares within each Class in each Sub-fund are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further shares.

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

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

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund. The Company as a whole will be responsible for all obligations, whichever Sub-fund such liabilities are attributable to, unless otherwise agreed with specific creditors.

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

The Company may issue income and accumulation shares in respect of each Sub-fund. Further details of the shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in Appendix I. Holders of income shares are entitled to be paid the distributable income attributed to such shares on any relevant interim and annual allocation dates.

A Regular Savings Plan may be available on certain Sub-funds. Details of which Share Classes and Sub-funds offer a Regular Savings Plan are set out in Appendix I.

Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation share.

The Instrument of Incorporation allows net shares to be issued. Net shares are shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income shares) or credited periodically to capital (in the case of accumulation shares), in either case in accordance with

relevant tax law, net of any tax deducted or accounted for by the Company. Gross shares are income or accumulation shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net shares unless otherwise stated.

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

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

Where the ACD has a direct legal relationship with the Shareholder and has given not less than 60 days' notice in writing, the ACD may convert all or some of a Shareholder's shares for shares of a different Share Class within the same sub-fund if it is fair and in the best interests of the Shareholder.

### **3 CLIENT MONEY**

As required by the FCA's client money rules, the ACD will hold money received from clients or on the client's behalf in accordance with those rules in a pooled client bank account, with an Approved Bank (as defined in the FCA Rules) in the UK.

The ACD will not be liable for any acts or omissions of the Approved Bank. The Approved Bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that Shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

### **4 BUYING, SELLING AND SWITCHING SHARES**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the sale, purchase and switching of shares, which will be effected at prices determined at the next valuation point following receipt of such request.

#### **BUYING SHARES**

##### **Procedure**

Subject to restrictions applicable to certain classes of shares, applications for shares linked to the Sub-funds may be made by any person. Shares to satisfy an application received before the Valuation Point of the Sub-funds (see "Valuation Of The Company" for details of the Valuation Points) on a Dealing Day will be sold at a price based on that day's valuation and shares to satisfy an application received after the Valuation Point, or on a day which is not a Dealing Day, will be sold at a price based on the valuation made on the next Dealing Day.

Applications may be made by completing an application form and delivering it to the ACD between 9am and 5pm on any Business Day to Marlborough House, 59 Chorley New Road, Bolton BL1 4QP. The ACD may also, at its sole discretion, accept instructions by facsimile on such terms as it may specify. Applications may be faxed to the ACD on 01204 533 045, sent by email to [dealing@ifslfunds.com](mailto:dealing@ifslfunds.com) or submitted through approved agents. The ACD may also, at its sole discretion, accept instructions by telephone on 0808 164 5458 (overseas +44 1204 329 443) between 9.00am and 5.00pm on any Business Day on such terms as it may specify. Application forms are available from the ACD.

The ACD does not currently accept initial applications for shares on the authority of electronic communications from Applicants, however the ACD will accept electronic dealing instructions after application. The ACD may decide to accept initial applications via electronic communications in the future and will update this Prospectus with the conditions that must be satisfied to effect an electronic application accordingly.

Applications, however made, are irrevocable (except in the case where cancellation rights are applied - see below). Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the applicant by post at the Applicant's risk.

Applications will not be acknowledged but a contract note will be sent on or before the Business Day next following the relevant Dealing Day. Certificates will not be issued. Ownership of shares will be evidenced by an entry on the register where the total price payable for all shares for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

Payment in respect of applications must be received no later than the fourth Business Day after the relevant Dealing Day. However, the ACD reserves the right to request that payment in respect of applications be received prior to the relevant Dealing Day.

If an applicant defaults in making any payment in money or transfer of property due to the ACD in respect of the sale or issue of shares, the applicant shall indemnify the ACD and/or the Company (as the case may be) in respect of any loss or cost incurred by either of them as a result of such default and the Company is entitled to make any necessary amendment to the register and the ACD will become entitled to the shares in place of the applicant (subject, in case of an issue of shares, to the ACD's payment of the purchase price to the Company). The ACD may in its discretion delay arranging for the issue of the shares until payment has been received.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

### **Money laundering prevention**

The Company is subject to the United Kingdom's anti-money laundering regulations and the ACD may in its absolute discretion require verification of identity from any applicant including, without limitation, any applicant who:

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or
- (b) appears to the ACD to be acting on behalf of some other person.

In the former case verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue shares, pay the proceeds of the redemption of shares, or pay income on shares to investors. In the case of a purchase of shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment. The ACD will not be liable for any share price movements occurring during delays while money laundering checks are carried out. The ACD or Registrar may use external credit reference agencies to verify your identity and/or bank details. This will not have any effect on your credit history.

### **Deferred Redemption**

If redemptions in a Sub-fund on a particular Dealing Day exceed 10% of the Sub-fund's value, the ACD may, with the prior agreement of the Company's Depositary, or if the Depositary so requires, defer redemptions to the next Valuation Point in accordance with the FCA's COLL rules.

Any such deferral is undertaken in such a manner as to ensure the consistent treatment of all Shareholders who have sought to redeem Shares at the Valuation Point at which redemptions are deferred. All deals relating to the earlier Valuation Point are completed before these relating to a later Valuation Point are considered.

The intention of a deferred redemption is to reduce the impact of dilution on the Sub-fund. In times of high levels of redemption, deferred redemption enables the ACD to protect the interests of continuing Shareholders and potential Shareholders, by allowing the ACD to match the sale of the Sub-fund's property to the level of redemptions of Shares in that Sub-fund.

### **In Specie Application**

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of shares in exchange for assets other than cash but only if the Depositary is satisfied that acquisition of the assets in exchange for the shares to be issued is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders of the Sub-fund concerned.

### **Minimum Purchase and Holdings**

The minimum initial lump sum subscriptions for shares and the minimum holding in the Company is set out in Appendix I. If at any time a Shareholder's holding is below the specified minimum, the ACD (at its discretion) reserves the right to either sell the shares and send the proceeds to the Shareholder, or to convert the shares to another share class. However, the ACD may, by special arrangement and at its discretion, either agree on an individual basis a lower amount in relation to the minimum value requirements, or waive such requirements at its discretion.

The ACD may also offer a regular savings plan in respect of the Sub-funds whereby shares can be purchased monthly, the settlement for which is collected via direct debit. The minimum value of shares purchased in one single transaction is £50. See Appendix I for details of Sub-funds that offer this service.

## **SELLING SHARES**

### **Procedure**

Shares in each Sub-fund may be redeemed on any Dealing Day. Dealings are on a forward price basis as explained in the paragraph headed "Buying Shares" above. Shares to be redeemed pursuant to a redemption request received before the Valuation Point of the relevant Sub-fund on a Dealing Day will be redeemed at a price based on that day's valuation and shares to be redeemed pursuant to a redemption request received after that time, or on a day which is not a Dealing Day, will be redeemed at a price based on the valuation made on the next Dealing Day. Redemption instructions may be given by delivery to the ACD of written instructions for redemption by letter to Marlborough House, 59 Chorley New Road, Bolton BL1 4QP, by fax to 01204 533 045 or sent by email to [dealing@ifslfunds.com](mailto:dealing@ifslfunds.com)). Redemption instructions sent by fax or email must be followed up with the original signed instructions before any proceeds can be remitted. Redemption instructions may be given by telephone on 0808 164 5458 (overseas +44 1204 329 443) between 9.00am and 5.00pm on any Business Day. Redemption instructions given by telephone must be confirmed in writing to the ACD prior to redemption proceeds being remitted, except in instances where a coverall agreement is already in place for the account. Redemption instructions are irrevocable.

The ACD may accept instructions to transfer or renounce Shares by electronic communication in certain, limited circumstances following the ACD's prior agreement which shall only be given on a case by case basis. In such circumstances, the ACD will accept electronic communications only where the ACD is satisfied that the communication is from a Shareholder and is genuine. The ACD does not intend to accept electronic communications as a matter of course and will typically require instructions in accordance with the above.

A redemption contract note will be sent on or before the next Business Day following the relevant Dealing Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). If a redeeming Shareholder wishes to be paid other than by cheque, the ACD will endeavour to arrange this but at the cost of the Shareholder. The redemption proceeds will be paid not later than the close of business on the fourth Business Day after the later of the following times:

- (a) the Valuation Point immediately following the receipt by the ACD of the request to redeem the shares; or
- (b) the time when the ACD has received all duly executed instruments and authorisations which effect (or enable the ACD to effect) transfer of title to the shares.

However, neither the Company nor the ACD is required to make payment in respect of a redemption of shares where the money due on the earlier issue of those shares has not yet been received or where the ACD considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to the United Kingdom's anti-money laundering regulations.

### **In Specie Redemption**

If a Shareholder requests the redemption of Shares, the ACD may, if it considers the deal is substantial in relation to the total size of the Sub-fund, arrange for the Sub-fund to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder.

A deal involving Shares representing 5% or more in value of the Sub-fund will normally be considered substantial. However, the ACD may at its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Sub-fund.

In such cases, the ACD will serve a notice on the Shareholder within two Business Days of receipt of the redemption instruction that it proposes to make an in specie redemption and setting out the Scheme Property to be transferred to the Shareholder. The Shareholder may within four Business Days of receiving the notice serve a notice on the ACD requiring the ACD to sell the selected Scheme Property and pay the proceeds to the Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Company's Depositary. The ACD must ensure that the property selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

### **Minimum Redemption and Holding**

If the redemption request is in respect of only some of the shares held, the minimum value of shares which may be the subject of redemption is set out in Appendix I. Where the value of an individual holding of shares would, in



consequence of a request for redemption/cancellation, fall below these amounts in respect of the relevant share classes such request may be treated as a request for redemption/ cancellation of all the shares held by such Shareholder.

The value of shares for this purpose is calculated by reference to the current price, net of any initial charge. However the ACD may, by special arrangement on a case by case basis and at its discretion, agree a lower amount in relation to the minimum redemption size.

## SWITCHING

Shareholders may (subject to the qualifications below) exchange shares in one Sub-fund for shares in a different Sub-fund.

The right to exchange is subject to the following:

- the ACD and the Depositary are not obliged to give effect to a request for exchange of shares if the value of the shares to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the Shareholder holding shares of any class of less than the minimum holding for that class of share (see above);
- the ACD may decline to permit an exchange into a Sub-fund in respect of which there are no shares in issue, or in any case in which they would be entitled under COLL to refuse to give effect to a request by the Shareholder for the redemption of shares of the old class or the issue of shares of the new class.

Exchanges between classes of shares linked to different Sub-funds may be subject to a charge (see "Charges on Switching" below).

It should be noted that an exchange of shares in a Sub-fund for shares in any other Sub-fund is treated as a redemption and sale and will, for persons subject to UK taxation, be regarded as a realisation for the purposes of capital gains taxation. In no circumstances will a Shareholder who exchanges shares in one Sub-fund for shares in any other Sub-fund (or who converts between classes of shares) be given a right by law to withdraw from or cancel the transaction.

## Application

A Shareholder wishing to exchange Shares should apply in the same way as for a redemption (see above). An exchange to be made pursuant to a request received before the Valuation Point of the Sub-fund concerned on a day which is a Dealing Day for that Sub-fund (or, if the Valuation Points on that day differ, before the first to occur) will be effected at prices based on that day's valuation; where a request is received after that time, or on a day which is not a Dealing Day for the Sub-fund, the exchange will be effected at a price based on the valuation made on the next such Dealing Day.

A contract note giving details of the exchange will be sent on or before the Business Day next following the relevant Dealing Day.

## SHARE CLASS CONVERSIONS

Subject to any restrictions on the eligibility of investors for a particular share class, a Shareholder may convert shares in one class in a Sub-fund for shares in a different class in the same Sub-fund subject to the investment minima set out in this Prospectus.

Conversions will be effected by the ACD recording the change of share class on the register of the Company.

If a Shareholder wishes to convert shares they should apply to the ACD in the same manner as for a sale as set out above.

Conversions will be effected at the next Valuation Point. The number of shares to be issued in the new class will be calculated relative to the price of share being converted from. The ACD or Registrar will notify Shareholders once the conversion has been effected.

Conversions will not generally be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable usually on the conversion. There is no fee on a conversion between classes of the same Sub-fund.

In certain circumstances the ACD may mandatorily convert a Shareholder's investment from one share class into another share class. The ACD will only undertake such a conversion where the proposed share class has identical or preferential terms and the ACD will provide Shareholders with no less than 60 days' notice.

## **DEALING CHARGES**

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

### **Initial Charge**

The ACD may impose a charge on the purchase of shares in each class, details of which are set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD and may only be increased in accordance with the Regulations.

There is currently no initial charge payable by a potential Shareholder in respect of each Sub-fund.

### **Redemption Charge**

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

The ACD may only introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to shares

issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

### **Charges on Switching**

On the switching of shares between Sub-funds or classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on switching between Sub-funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares. There is currently no charge for switching shares in one fund of a Sub-fund for shares in another fund of the same Sub-fund.

### **Dilution Adjustment**

**What is 'dilution'?** - Where the Sub-fund buys or sells underlying investments in response to a request for the issue or redemption of Shares, they generally incur a cost (diluting the value of the Sub-fund). This arises from dealing costs and any spread between the bid and offer prices of the investments, which is not reflected in the purchase or redemption price paid by or to the Shareholder. This is referred to as "dilution".

To mitigate the effect of dilution on the Sub-fund, the ACD will recover the costs of dilution from investors on the issue or redemption of Shares in the Sub-fund. Instead of making a separate charge to investors when Shares in the Sub-fund are bought and sold, COLL permits the ACD to move the price at which Shares are bought or sold on any given day. The single price can be moved (referred to as "swung") higher or lower, at the discretion of the ACD on the sale or redemption of Shares in the Sub-fund. This price movement from the mid-market price is known as the "dilution adjustment". Any dilution adjustment applied is included in the price applied to the deal and is not disclosed separately.

The dilution adjustment for the Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of the Sub-fund, including any dealing spreads, commission and transfer taxes. The need to apply the dilution adjustment will depend on the volume of sales (Shares issued) or redemptions (Shares sold).

### **What is the ACD's policy regarding dilution adjustment?**

Where applied, the amount of any swing is based on the estimated costs of dealing in the underlying investments of the Sub-fund, including any dealing spreads, taxes or broker commissions (for example). In particular, the ACD may swing the price (make a dilution adjustment) in the following circumstances:

- in the case of a "large deal" relative to the Sub-fund's size, where the potential cost to that Sub-fund justifies the application of an adjustment;
- if the net effect of Share issues and redemptions during the period between two Valuation Points represents a potential impact on ongoing Shareholders;

- where a Sub-fund is in decline (i.e. is experiencing a net outflow of investment);
- where there are inflows into a Sub-fund (i.e. is experiencing a net inflow of investment);
- in any other case where the ACD believes that adjusting the Share price is required to safeguard the interests of Shareholders.

As the requirement to swing the price is directly related to the net issue and sale of Shares in the Sub-fund, it is not possible to accurately predict when or how often dilution will occur in the future, however the ACD anticipates this to be infrequent.

**How will it affect Shareholders?** - On the occasions that the dilution adjustment is not applied, there may be an adverse impact on the total assets of the Sub-fund which may otherwise constrain the future growth of the Sub-fund. The ACD's dilution policy was changed on 1<sup>st</sup> October 2022 for the Sub-fund. Historic information on dilution adjustments made to Share prices is not currently available and as a result the ACD is unable to accurately predict the likelihood of a dilution adjustment being applied. However, the ACD anticipates this to be infrequent. Any dilution adjustment will be applied consistently and, in the usual course of business, automatically.

Estimates of the dilution adjustments for each Sub-fund are set out below, based on the assets held in each Fund and the market conditions at the date shown in the table:

Fund	Dilution adjustment estimate applicable to redemptions as at 31 <sup>st</sup> December 2023	Dilution adjustment estimate applicable to purchases as at 31 <sup>st</sup> December 2023
IFSL Church House Tenax Absolute Return Strategies Fund	-0.2978%	0.3762%
IFSL Church House UK Smaller Companies Fund	-0.5095%	0.8241%

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

The ACD will review the dilution adjustment on a quarterly basis, however it may at its discretion re-evaluate the adjustment in the event of significant market movement. The ACD may alter its current dilution adjustment policy by giving Shareholders notice and amending the prospectus at least 60 days before the change to the dilution policy is to take effect.

## TRANSFERS

Shareholders are entitled to transfer their shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by

the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid.

## **RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of shares.

If it comes to the notice of the ACD that any shares (“affected shares”):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such shares or if it reasonably believes this to be the case.

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

A Shareholder who becomes aware that they are holding or owns affected shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected shares.

Where a request in writing is given or deemed to be given for the redemption of affected shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

Where the ACD decides to close a share class in any of the Sub-funds, the ACD may mandatorily redeem a Shareholder's investment. The ACD will provide Shareholders with no less than 30 days' notice prior to the redemption.

## **SUSPENSION OF DEALINGS IN THE COMPANY**

The ACD may, with the prior agreement of the Depositary, and must, if the Depositary so requires, without notice to Shareholders, temporarily suspend redemption of shares for a period if the ACD (or the Depositary in the case of any requirement by it) is of the opinion that there is good and sufficient reason to do so having regard to the interests of Shareholders. Shares will not be issued during a period of suspension. The ACD will resume redemption and other dealings in shares in accordance with COLL 7.2.1R of the Regulations. The suspension will only be permitted to continue as long as it is justified having regard to the interests of the Shareholders. The ACD must formally review the suspension every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

The ACD will notify all Shareholders of the suspension in writing as soon as practicable and will publish details to keep Shareholders appropriately informed about the suspension, including its likely duration.

Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

**IMPORTANT NOTE: The ACD reserves the right to cancel, in whole or in part, any contract in respect of which payment remains overdue and to recover any resulting loss.**

## **GOVERNING LAW**

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

## **5 VALUATION OF THE COMPANY**

### **GENERAL**

Valuations of the Scheme Property of the Company for the purpose of the calculation of share prices will be carried out in accordance with the rules for single-priced funds in COLL.

Each share linked to the Sub-funds represents a proportional share of the overall property attributable to that Sub-fund. Therefore, the value of a share attributable to the Sub-funds is calculated, in broad outline, by calculating the net asset value of the property attributable to that Sub-fund, and dividing that value (or that part of that value attributed to shares of the class in question) by the number of shares (of the class in question) in issue.

Valuations are normally carried out on each Dealing Day. The Valuation Point for the Sub-funds is 12.00 noon (UK time) on each Dealing Day.

The ACD may carry out additional valuations if it considers it desirable to do so and may use the price obtained at such additional valuations as the price for the relevant day. The ACD shall inform the Depositary of any decision to carry out any such additional valuations. Valuations will not be made during a period of suspension of dealings.

## **CALCULATION OF THE NET ASSET VALUE**

The property attributable to the Sub-funds is, for all purposes, valued on the following basis (which is set out in full in the Instrument of Incorporation):

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - i. if a single price for buying and selling units or shares is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - iii. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (b) exchange-traded derivative contracts:
    - i. if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices;
  - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
  - (d) any other investment:
    - i. if a single price for buying and selling the security is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices; or
    - iii. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (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, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
4. In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have taken place.

5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
8. An estimated amount for anticipated tax liabilities (on unrealised gains where the liabilities have accrued and are payable out of the property of the Fund; 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, value added tax, and any stamp tax will be deducted.
9. 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 will be deducted.
10. The principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings will be deducted.
11. An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
12. Any other credits or amounts due to be paid into the Scheme Property will be added.
13. A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
14. Currencies or values in currencies other than base 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.
15. The Company is permitted to invest in immovable property in accordance with the Instrument of Incorporation, although it does not do so currently. In the event the Prospectus is amended to permit the Company to invest in immovable property (following receipt of FCA approval) such immovable property shall be valued as follows:
  - (a) by a standing independent valuer (as defined in the glossary to the FCA Handbook) appointed by the ACD with the approval of the Depositary, undertaken in accordance with the RICS Valuation - Professional Standards 2012 (The Red Book) (8th edition published 1 January 2012) as updated and amended from time to time, or in the case of overseas immovables on an appropriate basis;
  - (b) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
  - (c) on the basis of the last full valuation, at least once a month.

#### **Valuations - general points**



For the above purposes, instructions given to issue or cancel shares are assumed to have been carried out (and any cash paid or received) and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken. The Sub-funds have credited to them the proceeds of all shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to the Sub-funds are charged to the relevant Sub-fund.

The Company is required to allocate (and the ACD may from time to time reallocate) any assets, costs, charges or expenses which are not attributable to a particular Sub-fund against all the Sub-funds in a manner which is fair to the Shareholders of the Company generally.

### **Fair Value Pricing**

Where the ACD has reasonable grounds to believe that:

- (a) no reasonable price exists for a security at a Valuation Point; or
- (b) the most recent price available does not reflect the ACD's best estimate of the value of a security at a Valuation Point,

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

The circumstance which may give rise to a fair value price being used includes: where there has been no recent trade in the security concerned; or due to the suspension of dealings in an underlying collective investment scheme; or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

### **PRICE PER SHARE IN EACH SUB-FUND AND EACH CLASS**

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

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

### **PRICING BASIS**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

### **PUBLICATION OF PRICES**

Shareholders can obtain the price of their shares by calling the ACD on 0808 178 9321 (from UK) or +44 1204 803 932 (from overseas) or going to [www.ifslfunds.com](http://www.ifslfunds.com) or [www.trustnet.com](http://www.trustnet.com)

## 6 RISK FACTORS

The following risk factors should be considered before making your investment decision:

### General Risk Factors

- 1) Past performance is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and you may not get back the amount originally invested. This may be due, for example, to market movement or variations in the exchange rates between currencies.
- 2) There is no certainty that a Fund's investment objective will be achieved.
- 3) If you have any doubts about the suitability of an investment, please contact your authorised financial adviser. Please note Investment Fund Services Limited does not provide investment advice.
- 4) The Funds will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- 5) Where a Fund pays out income, the level of income payments may not be constant and may fluctuate.
- 6) For Funds where the annual management charge is to be taken from the income generated by the Fund and there is insufficient income within the Fund to meet that charge, the balance will be deducted from the Fund's capital and to that extent may erode or constrain capital growth.
- 7) For Funds where the annual management charge is to be taken from capital rather than income, either fully or partially, the future growth of these Funds may be constrained, or capital eroded, as a result.
- 8) Where Funds are subject to an initial charge, the charge is deducted from an investment at the outset and an equivalent rise in the value of the Shares is required before the original investment can be recovered. The Funds should therefore be viewed as a long-term investment.
- 9) Funds typically have exposure to overseas markets, either directly or indirectly, and are therefore exposed to currency risk. As a result, the value of your investment can be affected by changes in exchange rates.
- 10) Inflation will affect the real value of your savings and investments, which may reduce the buying power of the money you have saved and your investments. i.e. £1 in the future may not be equivalent to £1 today.
- 11) The Fund's investments, be they held directly or indirectly, may be subject to liquidity constraints, which means that the investments may trade infrequently and in small volumes, or that a particular instrument is difficult to buy or sell. Investments which are normally liquid may also be subject to periods of disruption in difficult market conditions. As a result, changes in the value of investments may be unpredictable and, in certain circumstances, it may be difficult to sell an investment at the last market price quoted or at a value considered by the Investment Manager to be fair. This may lead to liquidity constraints on the Fund affected.
- 12) Where assets are held in custody, there may be a risk of loss resulting from the insolvency, negligence or fraudulent action of the custodian or sub-custodian.

- 13) A Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. The Fund may enter into transactions in over-the-counter markets which will expose them to the credit of its counterparties and their abilities to satisfy the terms of such contracts.
- 14) Where Funds have a relatively small number of holdings, this can make them more volatile than funds with greater diversification.
- 15) ISA Investments - The favourable tax treatment of ISAs may not be maintained indefinitely. If you are unsure of your tax position you should consult a tax adviser.
- 16) The summary of the UK tax treatment in section "Taxation" is based on current law and practice, as at the date of the prospectus, which is subject to change. It does not consider individual circumstances which may affect the UK tax treatment. In particular, the levels of relief from taxation may depend upon individual circumstances. Tax advantages associated with fund structures may be changed by future legislation as may those associated with the underlying investments and their domicile.
- 17) The Funds may incur Leverage, through borrowing cash up to 10% of the value of the Scheme Property, in which case a Fund's exposure may be increased by reinvesting such cash borrowings. If the interest costs associated with the borrowings are greater than any investment income and gains earned on investments made through the use of borrowing, the value of the Shares in a Fund may decline more rapidly than would otherwise be the case.
- 18) The Funds may be subject to Leverage, through investment in derivatives, which may increase risk. Leverage means that the return or loss on an investment is subject to a multiplier increasing exposure to that investment and magnifying the volatility and risk of loss should the value of that investment decline. The use of Leverage creates special risks and may significantly increase a Fund's investment risk. Leverage may create an opportunity for greater yield and total return but, at the same time, will increase the exposure of a Fund to capital risk. The Funds may be subject to Leverage through the use of derivatives for hedging or for investment purposes. The Leverage limits are disclosed in the "Investment and Borrowing Powers" section.
- 19) The value of Funds may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, restrictions on foreign investment and other developments in the laws and regulations of countries in which investments may be made.
- 20) The operations of Funds can be subject to human error, faulty processes or governance, or technological failures. Operational risks may subject a Fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.
- 21) Funds may be subject to management risk as they are actively managed investment funds. When managing a Fund and applying investment techniques and risk analyses, the Investment Manager's assessment of market or economic trends, their choice or design of any software models they use, their allocation of assets, or other decisions regarding how the Fund's assets will be invested cannot be guaranteed to ensure positive returns on investments.

- 22) In extreme market conditions redemptions in the Funds may be deferred or suspended, where Funds invest in other collective investment schemes, such as other funds and investment trusts, redemptions in these underlying funds may also be deferred or suspended, which may affect the liquidity of the Funds.
- 23) Cyber security risks may result in:
- financial losses to the Funds and the Shareholders;
  - the inability of a Fund to transact business with its Shareholders;
  - delays or mistakes in the calculation of the prices or to other materials provided to Shareholders;
  - the inability to process transactions with Shareholders or the parties;
  - violations of privacy and other laws;
  - regulatory fines, penalties and reputational damage; and
  - compliance and remediation costs, legal fees and other expenses. The Fund's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in which the Funds invest and parties with which the Funds engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Funds or the Shareholders.

While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Funds do not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Funds invest or with which it does business.

- 24) Where cancellation rights are applicable, if you choose to exercise your cancellation rights and the value of your investment falls before notice of cancellation is received by us in writing, a full refund of the original investment will not be provided but rather the original amount less the fall in value.
- 25) The ACD does not permit the Funds to be used for the purposes of “market timing”. For this purpose, market timing is defined as a trading strategy with the intention of taking advantage of short term changes in market prices. The ACD will undertake monitoring activities to ensure that market timing does not take place in relation to the Funds.
- 26) The ACD, the Investment Manager, and other partners may deal in assets which they have, directly or indirectly, an interest which may involve a potential conflict with the ACD's duty. The ACD and the Investment Manager(s) will ensure that such deals are completed on terms which are not less favourable to the Funds than if the potential conflict had not existed. Such potential conflicts or duties may arise because the ACD or the Investment Manager(s) may have invested directly or indirectly in the Funds.

### **Fund Specific Risk Factors**

#### **IFSL Church House Tenax Absolute Return Strategies Fund and IFSL Church House UK Smaller Companies Fund**

- (a) Whilst shares investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.

- (b) The Fund may be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions.
- (c) Investment in emerging markets may involve a higher than average risk due to the volatility of currency exchange rates, limited geographic focus, investment in a smaller number of issues, political and economic instability and less liquid markets.
- (d) Fixed interest securities/Bonds are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. The value of a fixed interest security may fall in the event of a default or reduced credit rating of the issuer.

#### **IFSL Church House Tenax Absolute Return Strategies Fund**

- (a) The Fund may invest in other collective investment schemes and as such a Fund will bear its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.
- (b) Where a Fund invests in other collective investment schemes, these underlying funds may suspend the issue, cancellation, sale, redemption and exchange of units/shares in those funds. This would prevent these underlying funds being sold during the period of the suspension and may have liquidity implications for the Fund.
- (c) Subject to COLL, the Fund may invest in unregulated collective investment schemes (including hedge funds). Investment in unregulated collective investment schemes carries additional risks as these funds may not be under the regulation of a competent regulatory authority, may use leverage and may carry increased liquidity risk as units/shares in such funds may not be readily realisable.

#### **IFSL Church House UK Smaller Companies Fund**

- (a) The Fund invests predominately in one geographic region therefore investments will be vulnerable to sentiment in that market which may affect the value of the Fund.

## **7 MANAGEMENT AND ADMINISTRATION**

### **REGULATORY STATUS**

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority.

### **AUTHORISED CORPORATE DIRECTOR**

#### **General**

The ACD is Investment Fund Services Limited, which is a private company limited by shares, incorporated in England and Wales on 16 February 2007.

**Registered Office:** Marlborough House, 59 Chorley New Road, Bolton BL1 4QP

**Share Capital:** It has a share capital of £4,010,000 issued and paid up.

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

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

As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds as set out in Appendix V.

#### Terms of Appointment

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

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. Copies of the ACD Agreement are available on request.

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

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), the ACD may transfer any sums being held as client money to the New ACD, who will continue to hold the money in accordance with FCA client money rules.

The Shareholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at Marlborough House, 59 Chorley New Road, Bolton BL1 4QP.

Details of the fees payable to the ACD are set out in the section “Charges payable to the ACD” below.

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

The Company has no directors other than the ACD.

## **THE DEPOSITARY**

### **General**

NatWest Trustee & Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered office is at 250 Bishopsgate, London EC2M 4AA, which is also its head office. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### **Duties of the Depositary**

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

### **Conflicts of interest**

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

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

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

### **Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property, however, when delegating or

authorising a delegation the Depositary retains liability for the Scheme Property in the case of default by the Custodian/sub-Custodian.

The Depositary has delegated safekeeping of the Scheme Property to Caceis Bank, UK Branch (“the Custodian”), a company incorporated under the laws of France with limited liability. In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is shown in Appendix VII.

### **Updated Information**

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

### **Terms of Appointment**

The Depositary was appointed as Depositary under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of assets held in Custody or for any liabilities incurred by the Company as a result of the Depositary negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

It also provides that the Depositary will be entitled to be indemnified from the Scheme Property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on three months’ notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new depositary.

## **THE INVESTMENT MANAGER**

### **General**

The ACD has appointed the Investment Manager, Church House Investments Limited, to provide investment management services to the ACD, which include responsibilities as co-manufacturer of the Company and the Sub-funds. The



Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Manager's registered office is at York House, 6 Coldharbour, Sherborne, Dorset DT9 4JW.

The principal activity of the Investment Manager is managing investments for retail and professional clients.

### **Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management to attain the investment objectives of the Sub-funds, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. Under the Investment Management Agreement, the Investment Manager has the permission to delegate however where any delegation takes place the Investment Manager is responsible for oversight of any appointed party. The Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events.

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

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

Copies of the Investment Manager's execution policy and voting policy are available from the ACD on request.

When acting as co-manufacturer, Church House Investments Limited collaborates with the ACD on the design and distribution strategy of the Company using its market expertise and knowledge. This role specifically includes:

- (a) identifying at a sufficiently granular level a target market of investors for the Sub-funds, including specifying (i) the types of investors for whom the Sub-funds would be appropriate, and (ii) any group or groups of investor, for whose needs, characteristics and objectives, the Sub-funds would not be compatible.
- (b) ensuring the Sub-funds are designed to meet the needs of the target market.
- (c) undertaking a scenario analysis to assess the risks of poor outcomes for investors posed by the Sub-funds.
- (d) determining a distribution strategy for the Sub-funds which is compatible with the identified target markets and taking steps to ensure that the distribution strategy is followed.

Church House Investments Limited is not paid a separate fee for its role as co-manufacturer.

### **THE REGISTRAR**

## **General**

The ACD has not delegated the role of Registrar and acts as Registrar to the Company.

The ACD maintains the register at its office at Marlborough House, 59 Chorley New Road, Bolton BL1 4QP.

## **Register of Shareholders**

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

## **THE AUDITORS**

The auditors of the Company are Ernst & Young LLP, whose address is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

## **CONFLICTS OF INTEREST**

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

The ACD, the Investment Manager and other companies within the ACD or Investment Manager's group may, from time to time, act as investment managers or advisers to other funds or Sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Copies of the ACD's and the Investment Manager's conflict of interest policies are available from the ACD on request.

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. The Custodian may, from time to time, act as custodian and hold assets of other funds and investors.

Each of the parties will, to the extent of their ability and in compliance with the FCA Rules, ensure that the performance of their respective duties will not be impaired by any such involvement.

To ensure the fair treatment of Shareholders is central to all the activities of the ACD, the ACD has implemented a Treating Customers Fairly policy, against which all its policies and procedures and those of its delegates are measured and must conform. This ensures that conflicts of interest are appropriately managed in a way that is fair to investors as outlined in this section, that expenses are proportionate and allocated fairly (see Fees and Expenses), that investors can redeem their holdings (see Buying and Selling Shares) and that if investors are dissatisfied with their treatment their complaints are assessed by an independent and impartial investigator (see Complaints).

## 8 FEES AND EXPENSES

### ONGOING

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of shares (see section 'Buying, Selling and Switching Shares') payable by a Shareholder or out of Scheme Property are set out in this section.

The Company or each Sub-fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- (a) broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (b) fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers kept for the purpose of the administration of (when applicable) Personal Equity Plans and Individual Savings Accounts, are payable quarterly out of the property of the Sub-funds;
- (c) any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
- (d) any costs incurred by the Company in publishing the price of the shares in a national or other newspaper or any other form of media;
- (e) any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- (f) any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (g) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- (h) any costs incurred in respect of meetings of Shareholders convened for any purpose;
- (i) any payment permitted by clause 6.7.15R of the COLL Sourcebook;

- (j) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (k) taxation and duties payable in respect of the Scheme Property of the Sub-funds or the issue or redemption of shares;
- (l) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (m) the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- (n) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- (o) the total amount of any cost relating to amending the prospectus where this is permitted by the Regulations;
- (p) any payments otherwise due by virtue of a change to the Regulations; and;
- (q) any value added or similar tax relating to any change or expense set out herein;
- (r) any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations (part of the risk monitoring process); and
- (s) any costs incurred in preparing, translating, producing (including printing), distributing and modifying the instrument of incorporation, Prospectus and Key Investor Information Documents (KIIDs), or any successor document required to disclose the key features of the Company or its Sub-funds (apart from the costs of distributing the KIIDs or its successor document) or reports, accounts, statements, contract notes and other like documentation, or any other relevant document required under the Regulations.

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 above, including the costs incurred by the ACD in connection with the formation of the Company and any subsequent Sub-funds of the Company.

Expenses are allocated between income and capital in accordance with the FCA Rules and the Act and as specified in Appendix I. Where expenses are allocated to income, but at the end of the accounting period there is insufficient income, the shortfall may be allocated to capital in accordance with the FCA Rules and the Act. This may constrain capital growth.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Sub-funds will be paid for by the Investment Manager out of its fees, as relevant in relation to each Sub-fund, and will not be charged to the Sub-funds.

## **CHARGES PAYABLE TO THE ACD**

### **Annual Management Charge**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Sub-fund as set out in Appendix I. The annual management charge accrues daily and is payable monthly in arrears on the last Business Day of each month. The fee is calculated by reference to the value of the Sub-funds on the last Business Day of the preceding month. The current annual management charges for the Sub-funds (expressed as a percentage per annum of the Net Asset Value of each Sub-fund) are set out in Appendix I.

### **Registration Fees**

The ACD is entitled to receive a fee out of the Scheme Property for providing registration services, (including establishing and maintaining sub-registers where applicable) out of which the ACD will pay the fees of the Registrar. The current fees payable to the ACD are as follows: up to £12.50 per annum per Shareholder and up to £12.50 per transaction.

### **Expenses**

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

VAT is payable on the charges or expenses mentioned above, where appropriate. If a Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

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

Any fees payable to the ACD may be reduced or waived by the ACD at its discretion.

## **DEPOSITARY'S FEE AND EXPENSES**

The Depositary is entitled to receive out of the Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge in respect of each Sub-fund will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook.

The current rate of the Depositary's periodic charge in respect of each Sub-fund is:

- 0.022% per annum plus VAT of the first £100 million of the Scheme Property;
- 0.019% per annum plus VAT on the next £200 million of the Scheme Property;
- 0.015% per annum plus VAT on the next £700 million of the Scheme Property;
- 0.0075% per annum plus VAT of the balance.

These rates can be varied from time to time in accordance with the FCA Rules.

The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first valuation of that Company is made and ending on the last Business Day of the month in which that day falls.

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

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

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time. The transaction and custody charges in relation to transaction handling and safe-keeping of the Scheme Property are currently within the following ranges:

Item	Range
Transaction Charges	Between £2.40 and £111.75 per transaction
Safe Custody Charges	Between 0.003% and 0.81% of the value of investments being held per annum

Custody and transaction charges will be payable monthly in arrears.

In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

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

- (a) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (b) delivery of stock to the Depositary or custodian;
- (c) custody of assets;

- (d) collection and distribution of income and capital;
- (e) submission of tax returns;
- (f) handling tax claims;
- (g) preparation of the Depositary's annual report;
- (h) arranging insurance;
- (i) calling Shareholder meetings and otherwise communicating with Shareholders;
- (j) dealing with distribution warrants;
- (k) taking professional advice;
- (l) conducting legal proceedings;
- (m) such other duties as the Depositary is permitted or required by law to perform.

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

Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds. In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Depositary.

#### **INVESTMENT MANAGER'S FEE**

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the ACD out of its remuneration under the ACD Agreement.

Further details of this agreement are summarised in "Terms of Appointment" above.

#### **ALLOCATION OF FEES AND EXPENSES BETWEEN SUB-FUNDS**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred. This includes any charges and expenses incurred in relation to the Register of Shareholders, except that these will be allocated and charged to each class of Shares on a basis agreed between the ACD and the Depositary.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro rata to the value of the Net Asset Value of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

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

## **9 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **CLASS, COMPANY AND SUB-FUND MEETINGS**

The Company will not hold annual general meetings.

Copies of contracts of service between the Company and its Directors, including the ACD, will be provided to a Shareholder on request.

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

### **REQUISITIONS OF MEETINGS**

The ACD may requisition a general meeting at any time.

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

### **NOTICE AND QUORUM**

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

### **VOTING RIGHTS**

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

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

A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.



In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

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

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

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

#### **CHANGES TO THE INVESTMENT OBJECTIVE AND POLICY**

Changes to the Investment Objective and Policy will normally require approval by Shareholders at an EGM if the change alters the nature or risk profile of the Fund, or on giving 60 days’ notice to Shareholders where these do not alter the nature or risk profile of the Fund. In exceptional circumstances, changes may be made to the Investment Objective and Policy with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the Investment Objective and Policy following notification to the FCA pursuant to the OEIC regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Sub-fund.

#### **10 TAXATION**

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Sub-fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the Sub-fund which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their

**taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.**

The following is divided into sections relating to “Bond Sub-Fund” and “Equity Sub-Fund”. A “Bond Sub-Fund” is a Sub-Fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Sub-fund and the investors within it are treated separately in this section. It is anticipated that the Sub-fund will for most periods be an Equity Sub-Fund for these purposes, but that depending on how it is invested it may constitute a Bond Sub-Fund for some periods.

## **TAXATION OF AN EQUITY SUB-FUND**

### **Taxation of Capital Gains**

An Equity Sub-Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Sub-fund be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

### **Tax on income**

An Equity Sub-Fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

Profits from loan relationships are treated as taxable income, as for a Bond Sub-Fund.

## **TAXATION OF A BOND SUB-FUND**

### **Taxation of Capital Gains**

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

## **Tax on Income**

A Bond Sub-Fund will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Sub-fund.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Sub-Fund would generally be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Shareholders is treated as if it were interest for UK tax purposes. If so entitled, the Sub-fund intends that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant because:

- distributions made should be deductible for corporation tax purposes against UK taxable income.

The income, less interest distributions, expenses (including the ACD's and Depositary's fees) and any non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

## **TAXATION OF A SHAREHOLDER - EQUITY SUB-FUND**

### **Income distributions**

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

For the tax year 2023/2024, additional rate taxpayers are required to pay tax at 39.35% on their distributions while the rate for higher rate taxpayers is 33.75% and for basic rate taxpayers it is 8.75%. These limits may change in the future.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- (a) where an Equity Sub-Fund's gross income is not wholly derived from UK dividend income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount

of the annual payments but will be entitled to the repayable deemed tax deducted; and

(b) the remainder, is exempt from UK corporation tax.

Details of the proportions of distributions comprising exempt income and annual payments will be shown on the tax voucher of the Equity Sub-Fund concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### **Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of Shares. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension trusts, ISAs (and their individual investors), would not normally be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the “loan relationships” provisions mentioned below in relation to Bond Sub-Funds could apply.

Special rules apply to life insurance companies who beneficially own shares.

### **Inheritance tax**

A gift by Shareholders of their Shares in the Company or the death of Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## **TAXATION OF A SHAREHOLDER - BOND SUB-FUND**

### **Income Distributions: Interest Distributions**

Accumulations and distributions of income (‘distributions’) comprise income for UK tax purposes. Shareholders will be taxable on the amount distributed. Additional rate taxpayers will be liable to income tax on their distributions at 45%, higher rate taxpayers at 40% (after their £500 personal savings allowance has been exhausted) and basic rate taxpayers at 20% (after their £1,000 personal savings allowance has been exhausted). There is also a 0% starting rate band for savings income of up to £5,000 for those investors who qualify for it.

### **Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares and will be taxable at the capital gains tax. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of shares.

In respect of Shareholders subject to corporation tax, holdings in a Sub-fund will be treated as holdings of loan relationships and recognised using a fair value basis of accounting (which entails movements in the value of the holdings being brought into account in each accounting period as loan relationship credits or debits). No indexation allowance or taper relief is available.

### **Inheritance tax**

A gift by a Shareholders of their shareholding in the Company or the death of a Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

### **STAMP DUTY RESERVE TAX**

There is generally no stamp duty reserve tax ("SDRT") charge on the acquisition or surrender of Units but SDRT can arise on:

- a. **Third party transfers of Units without reregistration:** where a third party buys Units from a Unitholder and the transaction is not handled by the ACD (i.e. a third-party purchase where only beneficial ownership of the Units change) then the principal SDRT charge on agreements to transfer for consideration will still apply at 0.5%.
- b. **Non-pro rata in specie redemptions:** non-pro rata in specie redemptions are subject to the principal SDRT charge at 0.5% on any chargeable securities acquired by the redeeming Unitholder.

### **AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION**

#### **US Foreign Account Tax Compliance Act (FATCA)**

The US Foreign Account Tax Compliance Act (**FATCA**) is designed to help the Internal Revenue Service (the **IRS**) combat US tax evasion. It requires financial institutions, such as the Fund (or the Sub-Fund(s)), to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Fund (or a Sub-Fund) to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Fund (or each Sub-Fund) may be deemed compliant, and therefore not subject to the

withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Shareholders may be asked to provide additional information to the ACD to enable the Fund (or each Sub-Fund) to satisfy these obligations. Institutional Shareholders may be required to provide a Global Intermediary Identifications Number (**GIIN**). Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its shares. The Global Intermediary Identification Number for each Sub-Fund is available on request.

### **Common Reporting Standard**

The Common Reporting Standard (**CRS**) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1<sup>st</sup> January 2016. This requires financial institutions such as the Fund (or the Sub-Fund(s)), to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on **Residency** rather than citizenship as with the US model, and will encompass natural persons and legal entities.

## **11 INCOME EQUALISATION**

Income equalisation, as explained below, may apply in relation to the Company, as detailed in Appendix I.

Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a share issued during an accounting period.

The amount of income equalisation is either;

- (a) the actual amount of income included in the issue price of that share or
- (b) is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to Shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

The ACD currently uses the method outlined in (a) above to apply income equalisation.

## **12 WINDING UP OF THE COMPANY OR A SUB-FUND**

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may only be terminated under the COLL Sourcebook.

Where the Company is to be wound up or a Sub-fund terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a

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

The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or
- (c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund.

**ON THE OCCURRENCE OF ANY OF THE ABOVE:**

- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;
- (b) the Company will cease to issue and cancel shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
- (c) no transfer of a share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- (d) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) the corporate status and powers of the Company and subject to 10.1(a) to 10.1(d) above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the

commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Sub-fund, the Depositary shall notify the FCA that the winding up has been completed.

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

Following the completion of a winding up of either the Company or the termination of a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Sub-fund under the COLL Sourcebook shall be met out of the Scheme Property attributable or allocated to that particular Sub-fund.

## 13 **GENERAL INFORMATION**

### **ACCOUNTING PERIODS**

The annual accounting period of the Company ends each year on 30 September (the accounting reference date) with an interim accounting period ending on 31 March.

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

### **NOTICE TO SHAREHOLDERS**

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

### **INCOME ALLOCATIONS**

Some Sub-funds may have interim and final income allocations and other Sub-funds may have quarterly income allocations and some Sub-funds may only have



final income allocation dates (see Appendix I). For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

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

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters. The ACD does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period.

Income will be distributed as a dividend payment where a Sub-fund is deemed to be an Equity Company or as an interest payment where a Sub-fund is deemed to be a Bond Company over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix I, although Shareholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Sub-fund has held the minimum Qualifying Investments over the accounting period (see "Taxation" for further details). Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Shareholders when the income is allocated.

## **ANNUAL REPORTS**

An Annual report of the Company will be published within four months of each annual accounting period and a half-yearly report will be published within two months of each interim accounting period. Long reports will be available upon request.

## **DOCUMENTS OF THE COMPANY**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP:

- (a) the prospectus

- (b) the most recent annual and half yearly long reports of the Company;
- (c) the Instrument of Incorporation (and any amending documents); and
- (d) the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and half yearly long reports of the Company which are available free of charge to anyone who requests).

### **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:

- (a) the ACD Agreement between the Company and the ACD; and
- (b) the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 7 “Management and Administration”.

### **PROVISION OF INVESTMENT ADVICE**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

### **TELEPHONE RECORDINGS**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors’ instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call. If you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

### **COMPLAINTS**

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the ACD’s complaints handling procedure is available on request.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Sub-fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

## **COMPENSATION**

Under the Financial Services Compensation Scheme (FSCS), in the event of default your investment is protected up to the value of £85,000 per person per firm.

## **BEST EXECUTION**

The ACD must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the;

- (a) systems and controls that have been put in place and
- (b) the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Sub-funds.

This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

## **INDUCEMENTS AND SOFT COMMISSION**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-funds, an Investment Manager or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or ACD will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Sub-fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-fund.

## **RISK MANAGEMENT**

Upon request to the ACD a Shareholder can receive information relating to:

- (a) the quantitative limits applying in the risk management of the Company;

- (b) the methods used in relation to 12.13.1(a); and
- (c) any recent developments of the risk and yields of the main categories of investment in the Company.

The FCA Rules require that authorised corporate directors maintain a liquidity risk management process.

The ACD assesses how many days are likely to be required to sell investments without negatively impacting the Sub-fund price or liquidity on a best endeavours basis i.e. a liquidity ladder. The ACD assess the bid/offer spreads and trading volumes as widening spreads and thin trading volumes give an indication that it might be more difficult to dispose of an investment. The characteristic of the Sub-fund determines the frequency of this assessment. The main factors are:

**LIQUIDITY OF UNDERLYING INVESTMENTS;**

- (a) The size of the investment as a proportion of the Sub-fund and also relative to the market (e.g. proportion of the holding to the average trade size); and
- (b) The average holding period of Shareholders in the Sub-fund.

It is also the ACD's responsibility to ensure that the Investment Managers undertake testing of their liquidity management arrangements against various stressed liquidity arrangements on a regular basis.

**FAIR TREATMENT OF INVESTORS**

The ACD seeks to ensure the fair and equitable treatment of Shareholders by complying with the Regulations, the Company's Instrument and this Prospectus. The ACD employs a variety of management information to monitor both its own and its delegates' activities to ensure that the Company and its Sub-funds perform in accordance with expectations and that Shareholders receive service and information of an acceptable standard.

As at the date of this Prospectus the ACD has not granted preferential treatment or the right to obtain preferential treatment to any investor or potential investor in the Sub-funds. As such, all investors in the Company will invest in the same manner and on the same terms.

**DATA PROTECTION**

The data controller in respect of the personal data you provide on your application form (or you otherwise submit to the ACD in connection with your application for the services generally) is the ACD, who you can contact using the contact details below.

The ACD will process the personal data that you provide as set out below:

<b>Purpose</b>	<b>Type of data</b>	<b>Basis for processing</b>
Providing investment and administration services to you	Identity, contact and financial data	Performance of a contract with you

Carrying out identity checks, anti-money laundering checks and checks with fraud prevention agencies	Identity, contact and financial data	Necessary to comply with a legal obligation
Statistical analysis to understand how you use the ACD's services	Identity, contact, financial, transaction, technical, usage and marketing and communications data	Necessary for the ACD's legitimate interests (to improve its services and develop its business)
To inform you about updates to the service and to notify you about other products and services offered by the ACD that may be of relevance to you.	Identity, contact, usage and marketing and communications data	Necessary for the ACD's legitimate interests (to market its services and develop its business) or, if the ACD cannot rely on legitimate interest for direct electronic marketing, where you have given us your consent to receive such marketing
To ask you to participate in surveys for market research purposes, and to analyse those surveys and research to benchmark our services	Identity, contact and marketing and communications data	Necessary for our legitimate interests (to improve our services and develop our business)

The ACD strives to provide you with choices regarding certain personal data uses particularly around marketing and advertising. It is possible to opt in to receiving marketing communications by contacting the ACD using the details below. If you do not provide the ACD with the personal data that the ACD specifies is required for the supply and administration of the services, then the ACD may not be able to provide the services to you.

To the extent that it is necessary for the supply and administration of the services, the ACD may disclose your information: (a) to credit reference agencies to assess your eligibility for the product or service applied for and to verify your identity; (b) to third parties who the ACD uses to assist it in administering the Company; (c) another division or part of the ACD's group (if there is a restructuring of the ACD's business) or to the buyer of the business (if the business is sold); or (d) where the ACD is under a duty to disclose your personal data in order to comply with a legal obligation or to protect the rights, property or safety of the ACD, its associates, or others. Where an authorised financial adviser acts on your behalf, the ACD will disclose information concerning your investment to that financial adviser.

Your personal data may be processed outside the United Kingdom where it is necessary in order to provide the services to you. In each instance, the ACD will ensure that the transfer is in compliance with the requirements of applicable data protection law (such as the transfer being to a country approved as providing

adequate protection; there being appropriate safeguards in place; or one of the derogations for specific situations applying to the transfer).

The ACD will keep your personal data stored on its systems for as long as it takes the ACD to provide the services to you. The ACD will retain and use your information as necessary to comply with its legal obligations, resolve disputes and enforce its rights. The ACD reviews its data retention policies regularly and will retain your personal data only as long as necessary for the purpose for which it processes that data.

Data protection legislation gives you the right to access information held about you. In the event that an access request is unfounded, excessive or especially repetitive, the ACD may charge a 'reasonable fee' for meeting that request. Similarly, the ACD may charge a reasonable fee to comply with requests for further copies of the same information (that fee will be based upon the administrative costs of providing the information).

You are entitled to receive the personal data that you have provided to the ACD in a structured, commonly used and machine-readable format, and to transmit that data to another data controller. You can exercise your data protection rights, including your rights to access, restrict, object to the processing of, rectify and erase your personal data by writing to the ACD at: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. If you are unhappy with the way in which your personal data is being processed you have a right to lodge a complaint with the Information Commissioner's Office. You can report your concerns by telephoning their helpline on 0303 123 1113 or through their website at <https://ico.org.uk/concerns>.

## **GOVERNING LAW**

The Company, the Instrument, this Prospectus and any matters arising out of or in connection with a Shareholder's investment in the Company and the establishment, management and administration of the Company shall be governed by and construed in accordance with the laws of England and Wales. Any dispute or claim in connection with the rights of the Shareholders and/or the subject matter or formation of the Instrument and this Prospectus and/or the construction and effect of the provisions of the Instrument and this Prospectus shall be subject to the exclusive jurisdiction of the courts of England and Wales.

Potential investors should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England and Wales. Depending on the nature and jurisdiction of the original judgment, the 2005 Hague Convention on Choice of Court Agreements, which has force of law in the UK by virtue of section 3D of the Civil Jurisdiction and Judgments Act 1982 as introduced by the Private International Law (Implementation of Agreements) Act 2020; the Civil Jurisdiction and Judgments Act 1982 as amended by the Civil Jurisdiction and Judgments (Amendment) Regulations 2014, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments above, although such judgments might be enforceable at common law.

**APPENDIX I**  
**INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS OF THE FUNDS**

**IFSL Church House Tenax Absolute Return Strategies Fund**

**Name:** IFSL Church House Tenax Absolute Return Strategies Fund

**Type of Fund:** UCITS scheme

**FCA product Reference Number:** 644313

**Investment Objective:** The aim of the Fund is to provide a positive absolute return (after any charges have been taken out of the Fund) over any rolling twelve-month period at low levels of volatility (meaning changes in value of up to 5% per annum in normal market conditions).

Capital invested in the Fund is at risk and there is no guarantee that a positive return will be achieved over any rolling twelve-months, or any other period.

**Investment Policy:** The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. The Fund will gain a diverse exposure to a range of global asset classes.

The Fund may at any one time be invested in one or more of the following: bonds (which are loans typically issued by companies and governments), shares of companies, other funds, money market instruments (which are short-term loans) and deposits.

Up to 10% of the Fund may be invested in units/shares in other funds (which could include other funds managed by the Authorised Corporate Director, the Investment Manager or one of their associates).

The Investment Manager has no fixed asset allocation for any asset class but will change the asset mix in the Fund from time to time, considering market conditions, in a way that, in the Investment Manager's view, is consistent with the Fund's aim to maintain a low level of volatility. As such, the Fund may hold high proportions in cash and other lower-risk assets such as near cash, money market instruments and deposits.

The Investment Manager is not constrained by

any particular asset allocation in respect of geography, industry or sector. The shares of companies in which the Fund invests may be from companies anywhere in the world. The bonds may include floating rate notes (a debt instrument with a variable interest rate), index linked (a bond whose interest payment varies depending on the performance of a specific index) or convertible securities (bonds that can convert into shares).

The Fund may hold up to 20% in cash to enable the ready settlement of liabilities, for the efficient management of the portfolio or in pursuit of the Fund's investment objective.

The Fund does not invest in derivatives, however other funds purchased may have the ability to use derivatives to varying degrees.

**Assessing Performance:**

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors', as a way of dividing funds into broad groups with similar characteristics.

The Fund aims, but does not guarantee, to deliver positive returns (greater than zero) in any market conditions over rolling 12 month periods. This puts it in the IA Targeted Absolute Return sector.

The IA publishes figures showing how often funds in this sector fail to provide returns greater than zero for available rolling 12 month periods over the last three years on its website ([www.theia.org/industry-data/fund-sectors/tar-monitoring](http://www.theia.org/industry-data/fund-sectors/tar-monitoring)).

As the Fund does not have a benchmark, you may want to assess the Fund's performance using this data.

**Final accounting date:**

30 September

**Interim accounting date:**

31 March

**Income distribution date:**

30 November

**Interim distribution date:**

31 May

**Shares Classes and type of Shares:**

A Shares Income and Accumulation  
B Shares Income and Accumulation\*\*  
C Shares Income and Accumulation\*\*  
I Shares Income and Accumulation\*\*



<b>Share Classes and eligibility:</b>	The Share Classes have differing minimum initial investment amounts, although these levels can be waived by the ACD at its discretion.	
<b>Initial charge:</b>	Nil	
<b>Redemption charge:</b>	Nil	
<b>Switching charge:</b>	Nil	
<b>Annual Management Charge*:</b>	A Shares	1.25%
	B Shares**	0.875%
	C Shares**	0.75%
	I Shares**	0.65%
<b>Charge for investment research:</b>	None	
<b>Performance fee:</b>	None	
<b>Charges taken from Income or Capital:</b>	Income	
<b>Investment minima*:</b>		
Lump sum:	A Shares	£5,000
	B Shares**	£100,000
	C Shares**	£1,000,000
	I Shares**	£30,000,000
<b>Holding:</b>	A Shares	£5,000
	B Shares**	£100,000
	C Shares**	£1,000,000
	I Shares**	£30,000,000
<b>Top-up:</b>	A Shares	£5,000
	B Shares**	£100,000
	C Shares**	£1,000,000
	I Shares**	£1,000,000
<b>Redemption:</b>	N/A (provided minimum holding is maintained)	
<b>ISA:</b>	Yes	
<b>Regular Savings Plan:</b>	No	
<b>Income to be distributed as a dividend or interest?:</b>	The ACD anticipates income will be distributed in the form of an interest distribution on some occasions and in the form of a dividend distribution at other times. The form of distribution will depend on the level of fixed interest assets held during the previous accounting period.	

**Past performance:**

Past performance information is set out in Appendix VI

\* The ACD may waive the Annual Management Charge and minimum levels at its discretion.

\*\*B Shares, C Shares and I Shares are only available to persons who distribute such shares (or whom the ACD believes intend to do so) and/or who have entered into a written agreement with the ACD relating to the conditions for investment in such shares.

**Investor Profile**

Whether an investment in the Sub-fund is appropriate for you will depend on your own requirements and attitude to risk. The Sub-fund is designed for investors of any category, including retail investors, who:

- want to achieve consistent positive returns on their investment (**although understand that such returns cannot be guaranteed**) through investing in a broad range of asset classes;
- can meet the minimum investment levels of their chosen Share Class;
- are able to commit to a long term investment in the Sub-fund and take the risk of losing part or all of their investment capital; and
- who understand and are willing to take the risks involved in investing in the Sub-fund (as detailed under “Risk Factors”).

**If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.**

## IFSL Church House UK Smaller Companies Fund

**Name:** IFSL Church House UK Smaller Companies Fund

**Type of Fund:** UCITS scheme

**FCA product Reference Number:** 644314

**Investment Objective:** The aim of the Fund is to provide capital growth, which is profit on investments held, over the long term (at least five years).

**Investment Policy:** The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when.

At least 80% of the Fund will be invested in the shares of UK smaller companies. UK companies are those listed, incorporated or domiciled in the UK and smaller companies are defined by the Investment Manager as those with a market capitalisation (the market value of a company's shares) of less than £2bn at the time of initial purchase. The Fund may invest in any industry or sector.

Up to 20% of the Fund may be invested in other assets, including the shares of companies with a market capitalisation of £2bn or more at the time of initial purchase, the shares of overseas companies (developed markets only), bonds (which are loans typically issued by companies and governments) and money market instruments (which are short-term loans).

The Fund may hold up to 20% in cash to enable the ready settlement of liabilities, for the efficient management of the portfolio or in pursuit of the Fund's investment objective.

The Fund does not invest in derivatives.

**Assessing Performance:** The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors', as a way of dividing funds into broad groups with similar characteristics.

The Fund's investment policy is most closely aligned with funds in the IA UK Smaller Companies sector. The Fund is not managed to a benchmark, however you may want to assess the Fund's performance compared to the

performance of this sector.

Funds in the IA UK Smaller Companies sector are required to hold at least 80% in smaller companies at all times, whereas the Fund will invest at least 80% in smaller companies at the time of initial purchase, meaning the Investment Manager may continue to hold these companies as they grow in size. The Fund may therefore have less exposure to smaller companies than the average fund in the sector. This may at times cause performance to diverge away from the sector average. Investors should consider this when assessing performance.

<b>Final accounting date:</b>	30 September	
<b>Interim accounting date:</b>	31 March	
<b>Income distribution date:</b>	30 November	
<b>Interim distribution date:</b>	31 May	
<b>Shares Classes and type of Shares:</b>	A Shares Accumulation B Shares Accumulation**	
<b>Share Classes and eligibility:</b>	There are no special rights attaching to the shares	
<b>Initial charge:</b>	Nil	
<b>Redemption charge:</b>	None	
<b>Switching charge:</b>	None	
<b>Annual Management Charge*:</b>	A Shares	1.25%
	B Shares**	0.875%
<b>Charge for investment research:</b>	None	
<b>Performance fee:</b>	None	
<b>Charges taken from Income:</b>	Yes	
<b>Investment Minima*:</b>		
Holding amount:	A Shares	£5,000
	B Shares**	£100,000
<b>Initially:</b>	A Shares	£5,000
	B Shares**	£100,000
<b>Subsequently:</b>	A Shares	£1,000
	B Shares**	£100,000

Redemption:	N/A (provided minimum holding is maintained)
ISA:	Yes
Regular Savings Plan:	No
Income to be distributed as a dividend or interest?	The ACD anticipates income will be distributed in the form of a dividend.
Past performance:	N/A

\*The ACD may waive the Annual Management Charge and minimum levels at its discretion.

\*\*B Shares are only available to persons who distribute such shares (or whom the ACD believes intend to do so) and/or who have entered into a written agreement with the ACD relating to the conditions for investment in such shares.

### Investor Profile

Whether an investment in the Sub-fund is appropriate for you will depend on your own requirements and attitude to risk. The Sub-fund is designed for investors of any category, including retail investors, who:

- want to achieve capital growth over the longer term through investing in a concentrated portfolio of companies carefully selected for being undervalued in present market conditions;
- can meet the minimum investment levels of their chosen Share Class;
- are able to commit to a long term investment in the Sub-fund and take the risk of losing part or all of their investment capital; and
- who understand and are willing to take the risks involved in investing in the Sub-fund (as detailed under “Risk Factors”).

If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

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

#### Eligible Securities Markets:

<b>Australia</b>	Australian Securities Exchange
<b>Canada</b>	Toronto Stock Exchange TSX Venture Exchange
<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Company
<b>Japan</b>	Tokyo Stock Exchange JASDAQ Nagoya Stock Exchange
<b>Mexico</b>	Mexican Stock Exchange (Bolsa Mexicana de Valores)
<b>New Zealand</b>	New Zealand Exchange Ltd
<b>Republic of South Korea</b>	Korea Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Switzerland</b>	SIX Swiss Exchange
<b>Thailand</b>	Stock Exchange of Thailand
<b>United States of America</b>	New York Stock Exchange NASDAQ NYSE MKT LLC The Over-the-Counter Markets regulated by FINRA
<b>United Kingdom</b>	The London Stock Exchange The Alternative Investment Market

**Eligible Derivatives Markets:**

<b>France</b>	NYSE Euronext Paris
<b>Germany</b>	Eurex Exchange
<b>UK</b>	NYSE Liffe
<b>U.S</b>	CME Group Chicago Board Options Exchange

## APPENDIX III

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1. Investment and Borrowing powers of the Company and the Sub-funds

##### 1.1 General

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

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

##### 1.2 Prudent spread of risk

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

##### 1.3 Cover

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

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

1.3.2.1 it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

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

#### 2. UCITS Schemes - general

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

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 permitted units in collective investments schemes;

2.1.4 permitted derivatives and forward transactions; and



- 2.1.5 permitted deposits.
- 2.2 It is not intended that the Funds will have an interest in any immovable property or tangible movable property.
- 2. **Transferable securities and money market instruments**
- 2.1 Types of transferable security
  - 2.1.1 A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA Rules).
  - 2.1.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
  - 2.1.3 In applying paragraph 2.1.2 to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA Rules), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
  - 2.1.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 2.2 Criteria for investment in transferable securities
  - 2.2.1 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
    - (a) the potential loss which the Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
    - (b) its liquidity does not compromise the ACD's ability to comply with its obligations to redeem shares at the request of any 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 (see further paragraph 2.11 below for an explanation of 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.

2.2.2 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 obligations to redeem shares at the request of any qualifying Shareholder; and
- (b) to be negotiable.

2.2.3 No more than 5% of the Scheme Property of a Fund may be invested in warrants.

### 2.3 Closed-ended funds constituting transferable securities

A unit in a closed-ended fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 2.2 above and either:

2.3.1 where the closed-ended fund is constituted as an investment company or a unit trust:

- (a) it is subject to corporate governance mechanisms applied to companies; and
- (b) where another person carries out asset management activity on its behalf that person is subject to national regulation for the purpose of investor protection; or

2.3.2 where the closed-ended fund is constituted under the law of contract:

- (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 2.4 Transferable securities linked to other assets

2.4.1 A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-fund provided the investment:

- (a) fulfils the criteria for transferable securities set out in paragraph 2.2 above; and
- (b) is backed by or linked to the performance of other assets which may differ from those in which the Company can invest.

2.4.2 Where an investment in paragraph 2.4.1 contains an embedded derivative component, the requirements of this Appendix and the FCA Rules with respect to derivatives and forwards will apply to that component.

## 2.5 Approved money market instruments

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

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

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

2.6.2 has a residual maturity of up to and including 397 days;

2.6.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

2.6.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 2.6.1 or 2.6.2 or is subject to yield adjustments as set out in 2.6.3.

2.7 A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.

2.8 A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfil the following criteria, are available:

2.8.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

2.8.2 based either on market data or on valuation models including systems based on amortised costs.

2.9 A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and

have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## **2.10 Transferable securities and money market instruments generally to be admitted to or dealt in on an eligible market**

2.10.1 Transferable securities and money market instruments held within the Company must be:

- (a) admitted to or dealt in on an eligible market (as described in paragraph 2.11; or
- (b) for an approved money market instrument not admitted to or dealt in on an eligible market within paragraph 2.11; or
- (c) recently issued transferable securities provided that:
  - (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - (ii) such admission is secured within a year of issue.

2.10.2 A Sub-fund may invest up to 10% of its Scheme Property in investments in transferable securities or money market instruments other than those referred to in paragraph 2.10.1 above.

2.10.3 However, the ability to hold up to 10% of the Scheme Property investments in ineligible assets under paragraph 2.10.2 above is subject to the following limitations:

- (a) for a qualifying money market fund (as defined in the FCA Rules), the 10% restriction is limited to high quality money market instruments with a maturity or residual maturity of not more than 397 days or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days;
- (b) for a short term money market fund or a money market fund (as such terms are defined in the FCA Rules), the 10% restriction is limited to high quality approved money market instruments as determined under the FCA Rules at COLL 5.9.6R.

## **2.11 Eligible markets regime**

2.11.1 To protect investors the markets in which investments of a Sub-fund are dealt in or traded on should be of an adequate quality (eligible) at the time of acquisition of the investment and until it is sold. Where a market ceases to be eligible investments on that market cease to be approved securities. The 10% restriction in paragraphs 2.10.2 and 2.10.3 above on investment in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

2.11.2 A market is eligible for the purposes of the FCA Rules if it is:

- (a) a regulated market (as defined in the FCA Rules);
- (b) a market in an EEA state which is regulated, operates regularly and is open to the public; or
- (c) any market within 2.11.3 below.

2.11.3 A market not falling within paragraph 2.11.2 is eligible for the purposes of the FCA Rules if:

- (a) the ACD after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in the Scheme Property;
- (b) the market is included in a list in the Prospectus; and
- (c) the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market; and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

2.11.4 In paragraph 2.11.3(a) a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid, and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

2.11.5 The eligible securities and derivatives markets for the a Sub-funds are set out in Appendix II New eligible securities markets may be added to the existing list in accordance with the FCA Rules governing approvals and notifications.

## **2.12 Money market instruments with a regulated issuer**

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

- (a) the issue or the issuer is regulated for the purposes of protecting investors and savings; and
- (b) the instrument is issued or guaranteed in accordance with paragraph 2.13.

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

- (a) the instrument is an approved money market instrument;
- (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit rates risks related to investments in it) in accordance with paragraph 2.14 below; and

- (c) the instrument is freely transferable.

## **2.13 Issuers and guarantors of money market instruments**

2.13.1 The Sub-funds may invest in an approved money market instrument if it is:

- (a) issued or guaranteed by any one of the following:
  - (i) a central authority of the United Kingdom or an EEA state, or if the EEA state is a federal state, one of the members making up the federation;
  - (ii) a regional or local authority of the United Kingdom or an EEA state;
  - (iii) the Bank of England, the European Central Bank, or a central bank of an EEA state;
  - (iv) the EU or the European Investment Bank;
  - (v) a non-EEA state, or in the case of a federal state one of the members making up the federation; or
  - (vi) a public international body to which the United Kingdom or one or more EEA states belong;
- (b) issued by a body, any securities of which are dealt in on an eligible market; or
- (c) issued or guaranteed by an establishment which is:
  - (i) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
  - (ii) an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

2.13.2 An establishment shall be considered to satisfy the requirement in paragraph 2.13.1(c)(ii) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- (a) it is located in the EEA;
- (b) it is located in an OECD country belonging to the Group of Ten;
- (c) it has at least one investment grade rating;
- (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

## **2.14 Appropriate information for money market instruments**

- 2.14.1 In the case of an approved money market instrument within paragraph 2.13.1(b) or issued by a body referred to in the FCA Rules at COLL 5.2.10EG; or which is issued by an authority within paragraph 2.13.1(a)(ii) or a public international body within paragraph 2.13.1(a)(vi), but is not guaranteed by a central authority within paragraph 2.13.1(a)(i), the following information must be available:
- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme.
- 2.14.2 In the case of an approved money market instrument issued or guaranteed by an establishment within paragraph 2.13.1(c) the following information must be available:
- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 2.14.3 In the case of an approved money market instrument within paragraph 2.13.1(a), 2.13.1(a)(i), 2.13.1(a)(iv) or 2.13.1(a)(v), or which is issued by an authority within paragraph 2.13.1(a)(ii) or a public international body within paragraph 2.13.1(a)(vi) and is guaranteed by a central authority within paragraph 2.13.1(a)(i) information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

### **3. Spread limits**

- 3.1 This Section does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies. Please see Section 4 below. For the purpose of this paragraph a "single body" bears the meaning as set out in the FCA Rules.
- 3.2 Not more than 20% in value of the Scheme Property of a Sub-fund can consist of deposits with a single body.
- 3.3 Not more than 5% in value of the Scheme Property of a Sub-fund can consist of transferable securities or approved money market instruments issued by any single body. This limit is raised to 10% in respect of up to 40% in value of the Scheme

Property of a Sub-fund, covered bonds need not be taken into account for the purpose of applying the limit of 40%.

- 3.4 This limit is raised to 25% in respect of covered bonds, provided that where more than 5% of the Scheme Property of a Sub-fund is invested in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% of the value of the Scheme Property of that Sub-fund.
- 3.5 In applying the higher limits mentioned in paragraphs 3.3 and 3.4 certificates representing certain securities are to be treated as equivalent to the underlying security.
- 3.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-fund (which is raised to 10% when the counterparty is an Approved Bank).
- 3.7 Not more than 20% in value of the Scheme Property of a Sub-fund can consist of transferable securities and approved money market instruments issued by the same group.
- 3.8 Not more than 20% in value of the Scheme Property of a Sub-fund can consist of the units of any one collective investment scheme.
- 3.9 In applying the limits in 3.2, 3.3, 3.5 and 3.6 in relation to a single body, and subject to 3.4, not more than 20% in value of the Scheme Property of a Sub-fund can consist of any combination of two or more of the following:
  - 3.9.1 transferable securities (including covered bonds) or approved money market instruments issued by that body; or
  - 3.9.2 deposits made with that body; or
  - 3.9.3 exposures from OTC derivatives transactions made with that body;
- 3.10 The ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs 3.6 and 3.9.
- 3.11 When calculating the exposure of a Sub-fund to a counterparty in accordance with the limits in paragraph 3.6, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 3.12 The ACD may net the OTC derivative positions of a Sub-fund with the same counterparty, provided:
  - 3.12.1 it is able legally to enforce netting agreements with the counterparty on behalf of a Sub-fund; and
  - 3.12.2 the netting agreements in (a) do not apply to any other exposures the Sub-fund may have with that same counterparty.
- 3.13 The ACD may reduce the exposure of a Sub-fund's investments to a counterparty to an OTC derivative transaction 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.



- 3.14 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 3.16 when it passes collateral to the counterparty to an OTC derivative transaction on behalf of a Sub-fund.
- 3.15 Collateral passed in accordance with paragraph 3.14 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Sub-fund.
- 3.16 The ACD must calculate the issuer concentration limits referred to paragraph 3.6 on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- 3.17 In relation to exposures arising from OTC derivative transactions, as referred to in paragraph 3.6, the ACD must include in the calculation any counterparty risk relating to the OTC derivative transactions.

#### **4. Government and Public Securities**

- 4.1 This section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:
- (a) the United Kingdom 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 UK or one or more EEA States belong.
- 4.2 Where no more than 35% in value of the Scheme Property of a Sub-fund is invested in government and public securities issued by any one body, there is no limit on the amount which may be invested in such securities in any one issue.

The Company may invest more than 35% of the Scheme Property in government and public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: Government of the United Kingdom and Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and Sweden, and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America, and securities issued by the European Investment Bank.

- 4.3 If more than 35% in value of the Scheme Property of a Sub-fund is invested in government and public securities issued by any one issuer, no more than 30% in value of the Scheme Property of a Sub-fund may consist of such securities of any one issue and the Scheme Property must include at least six different issues whether of that issuer or another issuer, and the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.
- 4.4 Notwithstanding , and subject to 3.1, in applying the 20% limit in 4.4 with respect to a single body, such securities issued by that body shall be taken into account.

## **5. Collective Investment Schemes**

5.1 No more than 10% of the value of the Scheme Property of a Sub-fund may be invested in units in other collective investment schemes.

5.2 The Scheme Property of a Sub-fund may be invested in units in a collective investment schemes (“second scheme”) if that second scheme satisfies all of the following conditions and no more than 10% of the value of a Sub-fund is investment in second schemes within (b) to (e). The second scheme must:

- a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- b) be a recognised scheme under the provisions of section 272 of the Act (Schemes authorised in designated countries or territories); or
- c) are authorised as non-UCITS retail schemes (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- d) are authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met) or
- e) is authorised by the competent authority of an OECD member country (other than another EEA state) which has:

- signed the IOSCO Multilateral Memorandum of Understanding; and

- approved the scheme’s management company, rules and depositary/custody arrangements, provided the requirements of Article 50(1)(e) of the UCITS Directive are met.

5.3 The second scheme must comply with the rules relating to investment in other group schemes contained in the FCA Rules.

5.4 The second scheme must, itself, have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.

5.5 Investment may be made in other collective investment schemes managed by the ACD or an Associate of the ACD, subject to the requirements of the FCA Rules.

## **6. Derivatives: General**

6.1 Subject to the investment policy of the Sub-Fund, derivatives may be employed in the pursuit of the investment objectives of the Sub-funds for both investment purposes and for the purposes of Efficient Portfolio Management. Using derivatives and forward transactions for investment purposes may increase the volatility of a Sub-fund and increase or reduce the risk profile of a Sub-fund.

6.2 Subject to the investment policy of the Sub-Fund the Sub-funds may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences; or synthetic futures in certain

circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate in that it is realised in a cost effective way and that it is entered into for the reduction of risk (whether in the price of investments, interest rates or exchange rates) or the reduction of cost or the generation of additional capital or income with a risk level which is consistent with the risk profile of the Sub-funds and the risk diversification rules laid down in the COLL Sourcebook. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

- 6.3 A Sub-fund may make use of a variety of derivative instruments in accordance with the FCA Rules.
- 6.4 A transaction in derivatives or a forward transaction cannot be effected for a Sub-fund unless:
  - 6.4.1 it is a permitted derivatives and forward transaction (broadly a derivative must be effected on or under the rules of any eligible derivatives and have underlying consisting of any or all of the following; transferable securities, approved money market instruments, deposits, permitted derivatives, permitted collective investment schemes, permitted financial indices, interest rates, foreign exchange rates, currencies); and
  - 6.4.2 it is covered as required by the FCA Rules at COLL 5.3.3AR.
- 6.5 The exposure to the underlying assets must not exceed the limits in paragraphs 3 or 4 of this Appendix, save as provided for in 6.8.
- 6.6 Where a transferable security or approved money market instrument embeds a derivative this must be taken into account for the purposes of complying with these investment restrictions.
- 6.7 A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - 6.7.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a standalone derivative;
  - 6.7.2 the economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 6.7.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.
- 6.8 A transferable security or an approved money market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money market instrument. That component shall be deemed to be a separate instrument.
- 6.9 If a Sub-fund invests in an index based derivative provided the relevant index falls within the FCA Rules at COLL 5.2.20AR (Financial indices underlying derivatives)

the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 3 and 4 above, provided the ACD takes account of paragraph 1.2 in relation to the requirements for a prudent spread of risk.

- 6.10 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-fund may be entered into only if:
  - 6.10.1 that property can be held for the account of a Sub-fund; and
  - 6.10.2 the ACD, having taken reasonable care, determines that delivery of the property under the transaction will not occur or will not lead to a breach of the FCA Rules.
- 6.11 No agreement by or on behalf of a Sub-fund to dispose of property or rights (except for a deposit) may be made unless:
  - 6.11.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment of rights; and
  - 6.11.2 the property and rights at paragraph 6.10.1 are owned by a Sub-fund at the time of the agreement.

## **7. Permitted Transactions (Derivatives and Forwards)**

- 7.1 A transaction in a derivative must:
  - 7.1.1 be in an approved derivative; or
  - 7.1.2 be an OTC derivative which complies with paragraph 7.7; and.
- 7.2 In addition:
  - 7.2.1 the underlying must consist of any or all of the following to which the Fund is dedicated: transferable securities; approved money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; certain financial indices; interest rates; foreign exchange rates and currencies;
  - 7.2.2 the exposure to the underlying must not exceed the limits set out at paragraph 3.
- 7.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument and the most recently published prospectus and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, collective investment scheme units or derivatives.
- 7.4 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 7.5 A Sub-fund may not undertake transactions in derivatives of commodities.
- 7.6 A derivative includes an instrument which fulfils the following criteria:

- 7.6.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 7.6.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6A R (UCITS schemes: permitted types of scheme property) including cash;
  - 7.6.3 in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23 R (OTC transactions in derivatives);
  - 7.6.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 7.7 OTC transactions under paragraph 7.1.2 must be:
- 7.7.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - (a) an Eligible Institution or an Approved Bank; or
    - (b) 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;
  - 7.7.2 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
    - (a) 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
    - (b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
  - 7.7.3 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:
    - (a) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
    - (b) if the value referred to in paragraph (a) above is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
  - 7.7.4 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 ACD is able to check it; or
- (b) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

## **8. Financial Indices underlying derivatives**

8.1 The financial indices referred to in paragraph 8.2 are those where the index is sufficiently diversified, it represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner.

8.2 A financial index is sufficiently diversified if:

8.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

8.2.2 where it is composed of assets in which a Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and

8.2.3 where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.

8.3 A financial index represents an adequate benchmark for the market to which it refers if:

8.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

8.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

8.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

8.4 A financial index is published in an appropriate manner if:

8.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

8.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

8.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction

shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 7.2 be regarded as a combination of those underlyings.

- 8.6 If the composition of an index is not sufficiently diversified in order to avoid undue concentration, its underlying assets should be combined with the other assets of a Sub-fund when assessing compliance with the requirements on cover for transactions in derivatives and forward transactions set out in paragraph 10.1 and paragraph 3 of this Appendix.
- 8.7 In order to avoid undue concentration, where derivatives on an index composed of assets in which a UCITS scheme cannot invest are used to track or gain high exposure to the index, the index should be at least diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 8.8 If derivatives on that index are used for risk-diversification purposes, provided that the exposure of a Sub-fund to that index complies with the 5%, 10% and 40% ratios as set out in paragraph 3.3, there is no need to look at the underlying components of that index to ensure that it is sufficiently diversified.

## **9. Deposits**

Up to 20% in value of the Scheme Property a Sub-fund can consist of deposits with a single body. A Sub-fund 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.

## **10. Cover for transactions in derivatives and forward transactions**

- 10.1 The ACD must ensure that a Sub-fund's global exposure relating to derivatives and forwards transactions held in a Sub-fund may not exceed the net value of the Scheme Property of that Sub-fund.
- 10.2 The ACD must calculate a Sub-fund's global exposure on at least a daily basis. For the purposes of this paragraph, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

## **11. Immovable Property**

The Sub-fund's will not have any interest in any immovable property or tangible movable property.

## **12. Significant influence**

- 12.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
- 12.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
  - 12.1.2 the acquisition gives the Company that power.

12.2 For the purpose of 12.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

### **13. Concentration limits**

13.1 The Company:

13.1.1 must not acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and represent more than 10% of those securities issued by that body corporate;

13.1.2 must not acquire more than 10% of the debt securities issued by any single body;

13.1.3 must not acquire more than 25% of the units in a collective investment scheme;

13.1.4 must not acquire more than 10% of the approved money market instruments issued by any single body.

13.2 However, the Company need not comply with the limits in paragraphs 13.1.2, 13.1.3 and 13.1.4 above if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

### **14. General**

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

14.2 Cash or near cash may be retained in the Scheme Property of a Sub-fund to enable the pursuit of the investment objective; or for redemption of shares in a Sub-fund; or efficient management of a Sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of a Sub-fund.

14.3 The Company or the Depositary on behalf of the Company must not provide any guarantee or indemnity in respect of the obligation of any person and none of the property of the Company may be used to discharge any obligation arising under a guarantee or indirectly with respect to the obligation of any person.

14.4 Paragraph 14.3 does not apply to guarantees or indemnities specified in COLL 5.5.9(3)R.

### **15. Stocklending**

A Sub-fund may not enter into stocklending transactions.



## **16. Borrowing and lending powers**

- 16.1 The Company may, subject to the FCA Rules, 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.
- 16.2 The Company may not lend (by way of deposit or otherwise) or mortgage the property of the Company.
- 16.3 None of the money in the property of a Sub-fund may be lent. However, providing an officer of the Company with money to meet expenditure does not constitute lending for the purposes of this prohibition.
- 16.4 Neither acquiring a debenture nor placing money on deposit in a current account constitutes lending.
- 16.5 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with the FCA Rules, nothing in this paragraph prevents the Company or the Depositary at the request of the Company from:
  - 16.5.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or
  - 16.5.2 transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.
- 16.6 Borrowing must be on a temporary basis and not persistent and against these criteria the ACD must have regard to:
  - 16.6.1 the duration of any period of borrowing, and
  - 16.6.2 the number of occasions on which resort is had to borrowing in any period.
- 16.7 No period of borrowing should exceed three months without the prior consent of the Depositary which may only be given on such conditions as appear appropriate to the Depositary to ensure that borrowing does not cease to be on a temporary basis only.
- 16.8 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property of the Company. This limit applies not only to conventional borrowing, but to any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 16.9 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.
- 16.10 The Company must not issue a debenture unless it acknowledges or creates a borrowing which complies with this paragraph.

## APPENDIX IV

### TYPICAL INVESTOR PROFILE(S)

Below is an indication of the target market of the Sub-funds as required under MiFID II regulations.

This is fully detailed in the EMT which should be made available to you before making an investment.

If you do not believe you fit the target market of these Sub-funds please seek advice from your professional adviser.

#### **IFSL Church House Tenax Absolute Return Strategies Fund**

This Sub-fund is suitable for all investor types of all levels of knowledge and experience coming into the Sub-fund from all available distribution channels.

The Sub-fund has an absolute return objective and as such is neutral with regard to investors seeking capital preservation.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

This Sub-fund seeks to increase capital with a neutral stance on income growth over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

#### **IFSL Church House UK Smaller Companies Fund**

This Sub-fund is suitable for all investor types of all levels of knowledge and experience coming into the Sub-fund from all available distribution channels.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

This Sub-fund seeks to increase capital and has a neutral stance on income growth over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

## APPENDIX V ADDITIONAL INFORMATION

Investment Fund Services Limited acts as authorised corporate director or authorised unit trust manager in respect of the following OEICs and unit trusts:

- IFSL AMR OEIC
- IFSL atomos OEIC
- IFSL Avellemy OEIC
- IFSL Avellemy Multi-Manager OEIC
- IFSL Blackfinch OEIC
- IFSL Bowland Fund
- IFSL CAF Investment Fund
- IFSL CH Special Mandates Fund
- IFSL Church House Balanced Equity Income Fund
- IFSL Church House Esk Global Equity Fund
- IFSL Church House Investment Grade Fixed Interest Fund
- IFSL Church House UK Equity Growth Fund
- IFSL CPN OEIC
- IFSL Equilibrium OEIC
- IFSL Evenlode Investment Funds ICVC
- IFSL Hathaway Fund
- IFSL James Hambro Umbrella Fund
- IFSL Marlborough Balanced Fund
- IFSL Marlborough Bond Income Fund
- IFSL Marlborough Cautious Fund
- IFSL Marlborough Emerging Markets Trust
- IFSL Marlborough European Special Situations Fund
- IFSL Marlborough Extra Income Fund
- IFSL Marlborough Global Bond Fund
- IFSL Marlborough Global Fund
- IFSL Marlborough Global Innovation Fund
- IFSL Marlborough High Yield Fixed Interest Fund
- IFSL Marlborough Multi-Asset OEIC
- IFSL Marlborough Multi-Cap Growth Fund
- IFSL Marlborough No2 OEIC
- IFSL Marlborough OEIC
- IFSL Marlborough Special Situations Fund
- IFSL Marlborough UK Micro-Cap Growth Fund
- IFSL Marlborough US Multi-Cap Income Fund
- IFSL Optima Fund
- IFSL Ravenscroft OEIC
- IFSL RC Brown OEIC
- IFSL Rockhold OEIC
- IFSL Signia OEIC
- IFSL SIM Junior Gold & Silver Miners Fund
- IFSL Titan OEIC
- IFSL Trade Union Unit Trust
- IFSL Wise Funds
- IFSL YOU Asset Management Funds
- Mazarin OEIC

## **DIRECTORS OF INVESTMENT FUND SERVICES LIMITED**

The directors of Investment Fund Services Limited are:

**Andrew Staley** - In addition to his role as non-executive director of the ACD, Mr Staley also acts as managing director of Marlborough Investment Management Limited and is a director of Novia Global Limited, Marlborough Investment Management (UK) Limited, Marlborough Unit Trust Managers Limited, Marlborough Group Holdings Limited, UK Travel Limited and UFC Fund Management PLC.

**Allan Hamer** - Also a director of Marlborough Group Holdings Limited, Marlborough Fund Managers Ltd, MFM Unit Trust Managers Limited, IFSL Professional Services Limited, Marlborough International Management Limited and Marlborough International Fund PCC Limited.

**Dom Clarke** - Also a director of IFSL Platform Services Limited, IFSL Platform Service Providers Limited, Marlborough Investment Management Limited, Marlborough Investment Management International Limited, Marlborough Asset Managers Limited, UFC Fund Management PLC, UFC Fund Management International Holdings Limited, Marlborough Nominee Limited (formerly MIM DFM Limited), MIM Discretionary FM Limited, Marlborough Fund Managers Ltd, MFM Unit Trust Managers Limited, Marlborough Group Holdings Limited, IFSL Professional Services Limited, Marlborough Select Platform Limited, IFSL ICAV and Philotas Limited.

**Helen Redmond** - Also a director of IFSL Professional Services Limited.

**Sally Helston** - Executive director of the ACD.

**Guy Sears** - Independent non-executive director and Chair of the IFSL Board.

**Sarah Peaston** - Independent non-executive director - Also an independent non-executive director of Marlborough Select Platform Limited.

## APPENDIX VI

### PAST PERFORMANCE

Below shows the historical performance of the Sub-Funds covered by the Prospectus. Where possible, discrete annual performance over 5 years is shown. However, where the Sub-Funds have been in existence for less than any of the annual periods, the performance since the launch of the Sub-Funds is shown, plus any of the 5 year figures, as applicable.

	01/01/2019 to 31/12/2019 %	01/01/2020 to 31/12/2020 %	01/01/2021 to 31/12/2021 %	01/01/2022 to 31/12/2022 %	01/01/2023 to 31/12/2023 %
IFSL Church House Tenax Absolute Return Strategies Fund* A Accumulation Shares	3.43	3.76	1.35	-7.45	6.22
IFSL Church House UK Smaller Companies Fund*# A Accumulation Shares	3.75	5.10	17.52	-22.08	3.16

Source: Morningstar

\*On 24/08/2020 the IFSL Church House Tenax Absolute Return Strategies Fund and IFSL Church House UK Smaller Companies Fund converted from a NURS to a UCITS.

#Prior to 24/08/2020 the IFSL Church House UK Smaller Companies Fund had different characteristics and the Fund's name changed from SVS Church House Deep Value Investment Fund. The investment objective and investment policy changed and the performance before this date was achieved using an objective and investment policy that no longer applies.

## APPENDIX VII

### DIRECTORY

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

IFSL CH Special Mandates Fund

Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP

#### **ACD, Administrator and Registrar:**

Investment Fund Services Limited

Registered Office and Operating Address:

Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP  
(Authorised and regulated by the Financial Conduct Authority)

#### **Depository:**

NatWest Trustee & Depository Services Limited  
250 Bishopsgate  
London, EC2M 4AA  
(Authorised and regulated by the Financial Conduct Authority)

#### **Custodian:**

Caceis Bank, UK Branch  
Broadwalk House, 5 Appold Street  
London, EC2A 2DA  
(Authorised and regulated by the Financial Conduct Authority)

#### **Investment Manager:**

Church House Investments Limited  
York House  
6 Coldharbour  
Sherborne  
Dorset, DT9 4JW  
(Authorised and regulated by the Financial Conduct Authority)

#### **Auditors:**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh, EH3 8EX

## APPENDIX VIII

### LIST OF DEPOSITARY DELEGATES AND SUB-DELEGATES

<b>Depositary Delegate (The Custodian)</b>	
Caceis Bank, UK Branch	
<b>Depositary Sub-delegates (Sub-Custodians)</b>	
<b>Argentina</b>	Banco Santander Rio SA
<b>Australia</b>	Citigroup PTY Limited Australia
<b>Austria</b>	CACEIS Bank SA, Germany branch
<b>Belgium</b>	CACEIS Bank France
<b>Brazil</b>	Santander CACEIS Brasil DTVM SA
<b>Canada</b>	CIBC MELLON TRUST COMPANY
<b>Chile</b>	Banco de Chile
<b>Colombia</b>	Santander CACEIS Colombia S.A Sociedad Fiduciaria
<b>Croatia</b>	CACEIS Bank SA, Germany branch
<b>Czech Republic</b>	Raiffeisen Bank International AG
<b>Denmark</b>	Citibank Europe Plc, Denmark Branch
<b>Finland</b>	Citibank Europe Plc, Finland Branch
<b>France</b>	CACEIS Bank France
<b>Germany</b>	CACEIS Bank SA, Germany branch
<b>Greece</b>	Citibank Europe Plc, Greece branch
<b>Hong Kong</b>	Standard Chartered Bank (Hong Kong) Limited
<b>Hungary</b>	CACEIS Bank SA, Germany branch
<b>Iceland</b>	Clearstream Banking S.A., Luxembourg
<b>ICSD (Belgium)</b>	Euroclear Bank SA NV
<b>ICSD (Luxembourg)</b>	Clearstream Banking S.A., Luxembourg
<b>India</b>	Standard Chartered Bank India
<b>Indonesia</b>	Standard Chartered Bank Indonesia
<b>Ireland</b>	Citibank N.A., London Branch
<b>Israel</b>	Citibank N.A Israel
<b>Italy</b>	CACEIS Bank, Italy Branch
<b>Japan</b>	Citibank N.A., Tokyo Branch
<b>Kenya</b>	Standard Chartered Bank Kenya Limited

<b>Korea</b>	Standard Chartered Bank Korea Limited
<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad
<b>Mexico</b>	Banco S3 CACEIS Mexico, S.A.Institution de Banca Multiple
<b>Netherlands</b>	CACEIS Bank France
<b>New Zealand</b>	Citibank N.A. New Zealand Branch
<b>Norway</b>	Citibank Europe Plc, Norway Branch
<b>Philippines</b>	Standard Chartered Bank Philippines
<b>Poland</b>	Bank Polska Kasa Opieki S.A.
<b>Portugal</b>	Citibank Europe Plc, Portugal Branch
<b>Romania</b>	Raiffeisen Bank International AG
<b>Saudi Arabia</b>	Saudi British Bank, The
<b>Singapore</b>	Standard Chartered Bank Singapore
<b>Slovak Republic</b>	CACEIS Bank SA, Germany branch
<b>South Africa</b>	Standard Chartered Bank Johannesburg branch
<b>Spain</b>	CACEIS Bank Spain S.A.U.
<b>Sri Lanka</b>	Standard Chartered Bank Sri Lanka
<b>Sweden</b>	Citibank Europe Plc, Sweden Branch
<b>Switzerland</b>	CACEIS Bank, Switzerland Branch
<b>Taiwan</b>	Standard Chartered Bank (Taiwan) Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Pcl
<b>Turkey</b>	CITIBANK A.S. TURQUIE
<b>United Kingdom</b>	Citibank N.A., London Branch
<b>United States</b>	The Bank of New York Mellon
<b>Vietnam</b>	Standard Chartered Bank Johannesburg branch