

**PROSPECTUS**

**OF**

**SVS 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 27<sup>th</sup> December 2017**

**ST VINCENT ST FUND ADMINISTRATION**

**(A trading name of Smith & Williamson Fund Administration Limited)**

**A Non-UCITS Retail Scheme with FCA Product Reference Number: 473038**

**INVESTMENT MANAGER: CHURCH HOUSE INVESTMENT MANAGEMENT**

**(A trading name of Church House Investments Limited)**

## SVS CH Special Mandates Fund

### Prospectus

This document constitutes the Prospectus for SVS 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 27<sup>th</sup> December 2017.

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

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

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

<u>Contents</u>	<u>Page</u>	
<b>1</b>	<b>DEFINITIONS .....</b>	<b>1</b>
<b>2</b>	<b>DETAILS OF THE COMPANY .....</b>	<b>5</b>
2.1	General Information .....	5
2.2	The Structure of the Company .....	6
<b>3</b>	<b>BUYING, SELLING AND SWITCHING SHARES .....</b>	<b>8</b>
3.1	Buying Shares .....	8
3.2	Selling Shares .....	10
3.3	Switching .....	12
3.4	Share Class Conversions .....	13
3.5	Dealing Charges .....	14
3.6	Transfers .....	15
3.7	Restrictions and Compulsory Transfer and Redemption .....	15
3.8	Suspension of Dealings in the Company.....	16
3.9	Governing Law.....	17
<b>4</b>	<b>VALUATION OF THE COMPANY .....</b>	<b>17</b>
4.1	General .....	17
4.2	Calculation of the Net Asset Value .....	18
4.3	Price per Share in each Sub-fund and each Class .....	20
4.4	Pricing Basis.....	20
4.5	Publication of Prices.....	20
<b>5</b>	<b>RISK FACTORS .....</b>	<b>20</b>
5.1	General Risk .....	20
5.2	Equities Risk .....	20
5.3	Bonds and Debt Instruments (Including High Yielding Securities) Risk .....	20
5.4	Lower Rated/Unrated Securities Risk .....	21
5.5	Collective Investment Scheme Risk .....	21
5.6	Leverage Risk .....	21
5.7	Leveraged Companies Risk.....	21
5.8	Futures and Options Risk.....	22
5.9	Foreign Currency Risk .....	22
5.10	Pricing and Valuations Risk .....	22
5.11	Smaller and Unquoted Companies Risk .....	22
5.12	Risk to Capital .....	22
5.13	Country Concentration Risk.....	23
5.14	Liquidity Risk .....	23
5.15	Credit Risk .....	23
5.16	Settlement Risk .....	23
5.17	Custody Risk .....	24
5.18	Tax Risk.....	24
5.19	Inflation Risk.....	24
5.20	Political and/or Environmental Risk.....	24
5.21	Market Risk.....	24
5.22	Segregated Liability .....	25
<b>6</b>	<b>MANAGEMENT AND ADMINISTRATION .....</b>	<b>25</b>
6.1	Regulatory Status .....	25
6.2	Authorised Corporate Director .....	25
6.3	The Depositary .....	27
6.4	The Investment Manager .....	29
6.5	The Registrar .....	29
6.6	The Auditors .....	30
6.7	Conflicts of Interest .....	30
<b>7</b>	<b>FEES AND EXPENSES.....</b>	<b>30</b>

7.1	Ongoing .....	30
7.2	Charges Payable to the ACD .....	32
7.3	Depository's Fee and Expenses.....	33
7.4	Investment Manager's Fee and Performance Fee .....	35
7.5	Allocation of Fees and Expenses between Sub-funds .....	35
<b>8</b>	<b>SHAREHOLDER MEETINGS AND VOTING RIGHTS .....</b>	<b>36</b>
8.1	Class, Company and Sub-fund Meetings.....	36
8.2	Requisitions of Meetings .....	36
8.3	Notice and Quorum .....	36
8.4	Voting Rights.....	36
8.5	Changes to the Investment Objective and Policy .....	37
<b>9</b>	<b>TAXATION .....</b>	<b>37</b>
9.1	Taxation of an Equity Sub-Fund.....	38
9.2	Taxation of a Bond Sub-Fund.....	39
9.3	Taxation of a Shareholder - Equity Sub-Fund .....	39
9.4	Taxation of a Shareholder - Bond Sub-Fund.....	40
9.5	Stamp Duty Reserve tax.....	41
9.6	Automatic Exchange of Financial Account Information.....	41
<b>10</b>	<b>INCOME EQUALISATION .....</b>	<b>42</b>
<b>11</b>	<b>WINDING UP OF THE COMPANY OR A SUB-FUND .....</b>	<b>43</b>
11.1	On the occurrence of any of the above: .....	43
<b>12</b>	<b>GENERAL INFORMATION .....</b>	<b>44</b>
12.1	Accounting Periods.....	44
12.2	Notice to Shareholders .....	45
12.3	Income Allocations .....	45
12.4	Annual Reports .....	46
12.5	Documents of the Company .....	46
12.6	Material Contracts .....	46
12.7	Provision of Investment Advice .....	47
12.8	Telephone Recordings .....	47
12.9	Complaints .....	47
12.10	Compensation .....	47
12.11	Best Execution.....	47
12.12	Inducements and Soft Commission .....	48
12.13	Risk Management.....	48
12.14	Liquidity of underlying investments;.....	49
12.15	Indemnity .....	49
<b>APPENDIX I .....</b>	<b>SUB-FUND DETAILS .....</b>	<b>50</b>
<b>APPENDIX II .....</b>	<b>ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS.....</b>	<b>56</b>
<b>APPENDIX III .....</b>	<b>INVESTMENT AND BORROWING POWERS OF THE COMPANY.....</b>	<b>57</b>
<b>APPENDIX IV .....</b>	<b>TYPICAL INVESTOR PROFILE(S).....</b>	<b>75</b>
<b>APPENDIX V .....</b>	<b>LIST OF AUTHORISED FUNDS THAT SMITH &amp; WILLIAMSON FUND ADMINISTRATION LIMITED ACTS AS AUTHORISED FUND MANAGER OR AUTHORISED CORPORATE DIRECTOR FOR .....</b>	<b>76</b>
<b>APPENDIX VI .....</b>	<b>PAST PERFORMANCE AND INVESTOR PROFILE.....</b>	<b>78</b>
<b>APPENDIX VII.....</b>	<b>DIRECTORY .....</b>	<b>81</b>

<b>APPENDIX VIII</b> .....	<b>82</b>
LIST OF DIRECTORS OF SMITH & WILLIAMSON FUND ADMINISTRATION LIMITED.....	82
<b>APPENDIX IX</b> .....	<b>83</b>
ESTABLISHMENT OF COLLECTIVE INVESTMENT SCHEMES .....	83

## 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 Smith & Williamson Fund Administration 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 Smith & Williamson Fund Administration 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 Regulations or otherwise.

1 **DEFINITIONS**

- “Act”** The Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time
- “ACD”** Smith & Williamson Fund Administration Limited (trading as St Vincent St Fund Administration), the Authorised Corporate Director of the Company
- “ACD Agreement”** An agreement between the Company and the ACD
- “Approved Bank”** (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
- “Auditor”** KPMG LLP, or such other entity as is appointed to act as auditor to the Company from time to time
- “Business Day”** 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
- “Class” or “Classes”** In relation to shares, means (according to the context) all of the shares related to a single Sub-fund or a particular class or classes of share related to a single Sub-fund

<b>“COLL”</b>	Refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“the Sourcebook”</b>	<b>COLL</b> The Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time
<b>“Company”</b>	SVS CH Special Mandates Fund
<b>“Dealing Day”</b>	Monday to Friday where these days are business days
<b>“Depository”</b>	National Westminster Bank plc, or such other entity as is appointed to act as Depository
<b>“Director” “Directors”</b>	<b>or</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 Regulations”</b>	The rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time
<b>“FCA Rules”</b>	The FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook)
<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>“Large Deal”</b>	In relation to Dilution Levy and SDRT, a sale or redemption of 1% or more of the value of the SVS Church House Deep Value Investment Fund and 5% or more of the value of the SVS Church House Tenax



## Absolute Return Strategies Fund

<b>“LIBOR”</b>	The three month Sterling London Inter - Bank Offered Rate as published each day by the British Bankers Association - this will be set quarterly in advance (i.e. for the period 1 October to 31 December in any year this will be the prevailing 3 - month Sterling LIBOR rate at 30th September)
<b>“Investment Manager”</b>	The investment manager to the ACD in respect of the Company
<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>“Non UCITS Retail Scheme” or “NURS”</b>	an authorised fund which is neither a UCITS scheme nor a qualified investor scheme
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time
<b>“Ongoing Charges Figure” (OCF)</b>	the annual percentage reduction in investor returns that would result from largely fixed operating costs if the markets were to remain flat and a fund’s portfolios were to be held and not traded during a period Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated ongoing charges figure will be calculated based on the most reliable information available
<b>“Ongoing Charges Figure (estimated)”</b>	This is based on the Net Asset Value of a Sub-fund. The OCF shows the annual operating expenses of the scheme, but does not include any initial charge or transaction expenses
<b>“Prime Broker”</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Company does not currently require the services of a Prime Broker
<b>“Register”</b>	the register of Shareholders of the Company

<b>“Registrar”</b>	Smith & Williamson Fund Administration Limited (trading as St Vincent St Fund Administration), or such other entity as is appointed to act as Registrar to the Company from time to time
<b>“Regulated Activities Order”</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)
<b>“Regulations”</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook)
<b>“Scheme Property”</b>	the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Share” or “Shares”</b>	a share or shares in the Company
<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>“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, with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary
<b>“VAT”</b>	value added tax

## 2 DETAILS OF THE COMPANY

### 2.1 General Information

#### 2.1.1 General

SVS 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 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.

#### 2.1.2 Head Office

The head office of the Company is at:  
25 Moorgate,  
London,  
EC2R 6AY.

#### 2.1.3 Address for Service

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

#### 2.1.4 Base Currency

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

#### 2.1.5 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 Smith & Williamson Fund Administration 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.

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

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

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

The Company is a “non-UCITS retail scheme” for the purposes of the OEIC Regulations.

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.

## 2.2.2 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 paragraph 3.3 entitled “Switching”.

### **3 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.

#### **3.1 Buying Shares**

##### **3.1.1 Procedure**

Where minimum investment levels allow shares can be purchased by sending a completed application form to the ACD’s Transfer Agency team, either;

- (a) accompanied by a cheque (up to £50,000) or
- (b) having made a telegraphic transfer to the ACD’s bank account.

Application forms are available from the ACD. The ACD will accept written instructions on subsequent purchases accompanied by payment, which can be by writing to the ACD’s Transfer Agency Team at 206 St Vincent Street, Glasgow G2 5SG (the “Correspondence Address”). The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, who may purchase shares by telephoning the ACD on 0141 222 1150.

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

Where an instruction has been received by telephone, settlement is due within 4 Business Days of the Valuation Point. Purchases made by telephone are subject

to risk limits at the ACDs discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

The ACD, at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than 5 Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest above the prevailing Bank of England Base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.

The ACD may applications to purchase shares by electronic communication. Electronic communication does not include email

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

No interest payment will be made on client money held by the ACD prior to investment in the Company. Client money will be held in a designated client money account with the Royal Bank of Scotland or Smith & Williamson Investment Services Limited. No more than 20% of client money will be held with Smith & Williamson Investment Services Limited, a company in the same group as the ACD.

Shareholders have a right to cancel their transactions within 14 calendar days of receipt of their contract note. If a Shareholder cancels their contract, they will receive a refund of the amount they invested including the initial charge either in full or less a deduction to reflect any fall in share price since the date of investment. This may result in a loss on the part of Shareholders. If Shareholders wish to exercise their right to cancel, please write to the Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

### **3.1.2 Documentation**

A contract note giving details of the shares purchased and the price used will be issued to the purchasing shareholder (the first named, in the case of joint shareholders) by the end of the next business day following the Valuation Point

by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due on receipt by the purchaser of the contract note where payment did not accompany the original instruction, e.g. for FCA Regulated entities making subsequent purchases by telephone.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. tax vouchers in respect of periodic distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

### **3.1.3 Minimum Subscriptions and Holdings**

The minimum initial and subsequent subscription levels, and minimum holdings, are set out in Appendix I. The ACD may at its discretion accept subscriptions lower than the minimum amount.

If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding.

### **3.1.4 Issue of Shares in Exchange for In Specie Assets**

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

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

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

## **3.2 Selling Shares**

### **3.2.1 Procedure**

Every Shareholder has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a Shareholder wishes to redeem will mean that the Shareholder will hold shares with a value less than the required minimum holding, in which case the Shareholder may be required to redeem his entire holding.

Requests to redeem Shares may be made in writing to the ACD's Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 222 1150 or by fax.



Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

The ACD may accept requests to sell or transfer Shares by electronic communication. Electronic communication does not include email.

### **3.2.2 Documents the Seller Will Receive**

A contract note giving details of the number and price of shares sold will be sent to the selling Shareholder (the first named, in the case of joint Shareholders) or their duly authorised agents together with a form of renunciation for completion and execution by the Shareholder (and, in the case of a joint holding, by all the joint holders) no later than the end of the next business day following the valuation point by reference to which the redemption price is determined. Payment will be made by BACS or telegraphic transfer in satisfaction of the redemption monies and will be issued on settlement date, or within four business days of the later of receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title, whichever is the later.

### **3.2.3 Minimum Redemption**

Part of a Shareholder’s holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares to be redeemed is less than any minimum redemption amount set out in Appendix I or would result in a Shareholder holding less than the minimum holding, as detailed in Appendix I. In the latter case the Shareholder may be asked to redeem their entire shareholding.

### **3.2.4 In Specie Redemption**

If a Shareholder requests the redemption or cancellation of shares, the ACD may, if it considers the deal substantial in relation to the total size of the Company, arrange for the Company 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 Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose shares represent less than 5% in value of the Company.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the Shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that property (or proceeds)

the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

### **3.2.5 Limited Redemptions**

As the Company is able to invest substantially in immovables, the ACD may introduce limited redemption on providing Shareholders with 60 days' advance notice. Where limited redemption applies, the Company will allow redemptions at least once in every six months.

The ACD may choose to limit the entirety of a proposed redemption or part of it as it requires.

### **3.2.6 Direct Issue or Cancellation of Shares by an ICVC through the ACD**

Not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

## **3.3 Switching**

If applicable, a holder of shares may at any time switch all or some of his shares ("Old Shares") for shares of another Sub-fund or fund of the Company ("New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching may be effected in writing to the Transfer Agency Team and the Shareholder may be required to complete a switching form. A switching Shareholder must be eligible to hold the shares into which the switch is to be made. The ACD may, at its sole discretion and by prior agreement, accept switching instructions by telephone or fax from FCA regulated entities only.

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

The ACD may accept requests to switch Shares by electronic communication. Electronic communication does not include email.

The ACD may at its discretion charge a fee on the switching of shares between Sub-funds or funds. These fees are set out in Section 3.5.3.

If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their shares is suspended. The general provisions on selling shares shall apply equally to a switch.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in

respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

A switch of shares between different Sub-funds or funds will be deemed to be a realisation for the purposes of capital gains taxation.

A Shareholder who switches shares in Sub-fund or fund for shares in any other Sub-fund or fund will not be given a right by law to withdraw from or cancel the transaction.

### 3.4 Share Class Conversions

If applicable, a holder of shares in a Share Class (“Old Class Shares”) of a Sub-fund may exchange all or some of his shares for shares of a different Share Class within the same Sub-fund (“New Share Class”). An exchange of Old Class Shares for New Class Shares will be processed as a conversion (“Share Class Conversion”). Unlike a Switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. This transaction will not be included in the calculations for Stamp Duty Reserve Tax (see “Taxation” for further details), and for the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.

The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Class Shares are converted to New Class Shares. The ACD may accept requests to convert Shares by electronic communication. Electronic communication does not include email.

Conversion may be effected in writing to the Transfer Agency Team. A converting shareholder must be eligible to hold the shares into which the conversion is to be made. It is the ACD’s intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may, at its sole discretion and by prior agreement, accept conversion instructions by telephone or fax from FCA regulated entities only.

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

If the conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Class Shares to New Class Shares or refuse to effect any conversion of the Old Shares.

Please note that, under current tax law, a conversion of shares between different share classes in the same Sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.

A shareholder who converts their shares in one share class to shares in a different share class in the same Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

### **3.5 Dealing Charges**

The price per share at which shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, (or 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.

#### **3.5.1 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.

#### **3.5.2 Redemption Charge**

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

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

#### **3.5.3 Charges on Switching**

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.

#### **3.5.4 Dilution Levy**

The actual cost of purchasing, selling or switching assets and investments in a Sub-fund may deviate from the mid-market value used in calculating its Share

price, due to dealing charges, taxes, and any spread between buying and selling prices of the Sub-fund's underlying investments. These costs could have an adverse effect on the value of a Sub-fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to make a dilution levy on the purchase, sale or switch of shares in a Sub-fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the Sub-fund.

The dilution levy will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the Scheme Property is in continual decline; on a Sub-fund experiencing large levels of net sales relative to its size; on "Large Deals"; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy. It is not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such a levy would be 0.31% on sales (creation) and 0.28% on redemptions (liquidation) for SVS Church House Tenax Absolute Return Strategies Fund and 2.48% on sales (creation) and 2.07% on redemptions (liquidation) for SVS Church House Deep Value Investment Fund. The estimated frequency of such a levy being charged is 10 times per annum.

The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

### **3.6 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.

### **3.7 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 his affected shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected shares.

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

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

### **3.8 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.**

### 3.9 **Governing Law**

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

## 4 **VALUATION OF THE COMPANY**

### 4.1 **General**

4.1.1 The price of a share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per share of a Sub-fund is currently calculated at each Valuation Point.

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

4.1.3 The ACD maintains a Fair Value Pricing policy with an audit review carried out annually. The policy is detailed fully in the Fair Value Policy document.

4.1.4 The ACD's Transfer Agency Team may request a change to the pricing methodology in certain circumstances. The policy is detailed in the Pricing Policy document.

4.1.5 All asset prices from the primary price source are compared to two other sources to ensure the validity of each price. The policy is detailed in the Pricing Policy document.

4.1.6 The ACD will, upon completion of each valuation, notify the Depositary of the price of shares, of each class of each Sub-fund and the amount of any dilution levy applicable in respect of any purchase or redemption of shares.

4.1.7 A request for dealing in shares must be received by the Valuation Point on a Dealing Day in order to be processed on that same Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per share calculated as at the Valuation Point on that particular Dealing Day.

## 4.2 Calculation of the Net Asset Value

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

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

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

(a) Units or shares in a collective investment scheme:

(i) if a single price for buying and redeeming units or shares is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(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 or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

(b) Any other transferable security:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption 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 no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

(c) Scheme Property other than that described in paragraphs 4.2.2(a) and 4.2.2(b) above, at a value which, in the opinion of the ACD, is fair and reasonable;

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

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



- (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - (b) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - (c) if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

4.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

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

The price per share at which shares are bought or are redeemed is the Net Asset Value per share. Any initial charge or redemption charge, (or 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.

#### 4.4 Pricing Basis

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

#### 4.5 Publication of Prices

Shareholders can obtain the price of their shares by calling 0141 222 1151 (local rate) or going to [www.fundlistings.com](http://www.fundlistings.com).

### 5 RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company.

#### 5.1 General Risk

The price of shares of the Sub-fund and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Fund will actually be achieved.

The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

#### 5.2 Equities Risk

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than Sterling.

#### 5.3 Bonds and Debt Instruments (Including High Yielding Securities) Risk

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

#### **5.4 Lower Rated/Unrated Securities Risk**

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

#### **5.5 Collective Investment Scheme Risk**

The Sub-fund may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are not fully consistent with those of the Sub-fund. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Sub-fund's valuation.

Unregulated collective investment schemes in which the Sub-fund may invest up to 20% of its scheme property may invest in highly illiquid securities that may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. You should be aware that liquidity constraints and the extent to which a fund's securities are valued by independent sources are factors which could have an impact on the Sub-fund's valuation.

#### **5.6 Leverage Risk**

Leverage is where a Sub-fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-fund.

#### **5.7 Leveraged Companies Risk**

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital.

## **5.8 Futures and Options Risk**

The Sub-fund may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Sub-fund may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (“writing”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

## **5.9 Foreign Currency Risk**

The Sub-fund may invest in securities denominated in a number of different currencies other than Sterling in which the Sub-fund is denominated. Changes in foreign currency exchange rates may adversely affect the value of a Fund’s investments and the income thereon.

## **5.10 Pricing and Valuations Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Sub-fund will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the ACD may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

## **5.11 Smaller and Unquoted Companies Risk**

Significant investments may be made in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity, investment in the Sub-fund may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. The Sub-fund may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, the Sub-fund may not be able to immediately sell such securities. The purchase price and subsequent valuation of these securities may reflect a discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

## **5.12 Risk to Capital**

This includes potential risk of erosion resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.

### **5.13 Country Concentration Risk**

If the Sub-fund invests in essentially only one country it will have greater exposure to market, political, legal, economic and social risks of that country than if it diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets could be to hinder the normal operation of the Sub-fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the Sub-fund may be suspended and investors may not be able to acquire or redeem shares in the Sub-fund. These and other actions could also adversely affect the ability to price investments in the Sub-fund which could affect the Net Asset Value of the Sub-fund in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

### **5.14 Liquidity Risk**

In normal market conditions a Fund's assets comprise mainly realisable investments which can be readily sold. A Fund's main liability is the redemption of any shares that investors wish to sell. In general the Sub-fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-fund. If there were significant requests for redemption of shares in the Sub-fund at a time when a large proportion of the Sub-fund's assets were invested in illiquid investments, then the Sub-fund's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-fund.

### **5.15 Credit Risk**

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about an issuer's ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'Sub-investment' grade.

### **5.16 Settlement Risk**

All security investments are transacted through brokers who have been approved by the investment manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Sub-fund, for example, the possibility that a counterparty may default, by failing to make payments due, or

make payments in a timely manner. If settlement never occurs the loss incurred by the Sub-fund will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Sub-fund meets its settlement obligations but the counterparty fails before meeting its obligations.

#### **5.17 Custody Risk**

Assets of the Sub-fund are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Sub-fund in the case of bankruptcy of the custodian. Securities of the Sub-fund will normally be identified in the custodian's books as belonging to the Sub-fund and segregated from other assets of the custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The custodian does not keep all the assets of the Sub-fund itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

#### **5.18 Tax Risk**

Tax laws, currently in place, may change in the future which could affect the value of the Sub-fund's and therefore the shareholders' investments. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the Sub-fund.

#### **5.19 Inflation Risk**

Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.

#### **5.20 Political and/or Environmental Risk**

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

#### **5.21 Market Risk**

The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.

Specific risks as per the objective of the Sub-Funds are shown below:

<b>Risk Factors</b>	<b>SVS Church House Tenax Absolute Return Strategies Fund</b>	<b>SVS Church House Deep Value Investment Fund</b>
Transferable securities (including fixed interest securities, government securities, equities, and holdings in quoted funds and quoted property companies)	X	X
Other Investment funds	X	
Cash, deposits and money market instruments	X	
Currency risk		X
Derivatives	X	

## 5.22 Segregated Liability

As explained in paragraph 2.2.1, under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-funds, the concept segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

## 6 MANAGEMENT AND ADMINISTRATION

### 6.1 Regulatory Status

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

### 6.2 Authorised Corporate Director

#### 6.2.1 General

The ACD is Smith & Williamson Fund Administration Limited, which is a private company limited by shares, incorporated in England and Wales on 30 July 1985 (Registered Company No. 1934644). The ACD trades as St Vincent St Fund Administration.

<b>Registered Office:</b>	25 Moorgate, London, EC2R 6AY
<b>Share Capital:</b>	It has a share capital of £50,000 issued and paid up.
<b>Ultimate Holding Company:</b>	Smith & Williamson Holdings Limited

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

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

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.

### 6.2.2 Terms of Appointment

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

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

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

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 206 St Vincent Street, Glasgow, G2 5SG.



Details of the fees payable to the ACD are set out in paragraph 7.2 “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 ACD holds professional indemnity insurance to cover its professional liability risks (as set out in Article 12 of the AIFMD Level 2 Regulation), has appropriate professional indemnity insurance in place and maintains an amount of own funds sufficient to meet the PII Requirements in accordance with Article 15 of the AIFMD Level 2 Regulation (professional indemnity insurance). The ACD has internal operational risk policies in place to identify, measure, manage and monitor appropriately operational risks including professional liability risks to which the ACD is or could be reasonably exposed in accordance with the requirements of Article 13 of the AIFMD Level 2 Regulation. The operational risk management activities are performed independently by the Risk Oversight function.

### **6.3 The Depositary**

#### **6.3.1 General**

National Westminster Bank Plc is the Depositary of the Company.

The Depositary is incorporated in England as a public limited company. Its registered office is at 135 Bishopsgate, London EC2M 3UR, which is also its head office. The ultimate holding company of the Depositary is the Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is banking.

#### **6.3.2 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 scheme documents.

#### **6.3.3 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 NURS 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 Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be

resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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.

#### **6.3.4 Delegation of Safekeeping Functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV, London Branch (“the Custodian”). 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”).

#### **6.3.5 Terms of Appointment**

The Depositary was appointed as the Depositary of the (non-UCITS retail scheme) by virtue of the Instrument of Incorporation and is a Bank authorised by the Regulator to act as depositary of a non-UCITS retail scheme.

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 Trustee/Depositary will be liable to the Company for any loss of Financial Instruments 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 Trustee 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 Trustee.

## **6.4 The Investment Manager**

### **6.4.1 General**

The ACD has appointed the Investment Manager, Church House Investments Limited, to provide investment management services to the ACD. The Investment Manager is authorised 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.

### **6.4.2 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. 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 paragraph 7.4 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.

## **6.5 The Registrar**

### **6.5.1 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 206 St Vincent Street, Glasgow G2 5SG.

### **6.5.2 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.

## **6.6 The Auditors**

The auditors of the Company are KPMG LLP, whose address is Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG.

## **6.7 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).

## **7 FEES AND EXPENSES**

### **7.1 Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of shares (see paragraph 3) 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 Simplified Prospectus, or any successor document required to disclose the key features of the Company or its Sub-funds (apart from the costs of distributing the Simplified Prospectus 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 Regulations 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 Regulations 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.

## **7.2 Charges Payable to the ACD**

### **7.2.1 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.

### 7.2.2 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. Such fee is a quarterly fee. The current fees payable to the ACD are as follows (plus any applicable VAT): up to £12.50 per annum per Shareholder and up to £12.50 per transaction. There is a minimum payment of £1,500 per annum for each Sub-fund in which there are 101 or fewer Shareholders, and a minimum payment of £2,900 per annum for each Sub-fund with more than 101 shareholders. These minimums may be waived at the discretion of the ACD.

### 7.2.3 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.

### 7.3 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:

- (a) 0.0275% per annum plus VAT on Scheme Property below £50,000,000;
- (b) 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000; and
- (c) 0.02% per annum plus VAT on Scheme Property above £100,000,000.

but always subject to a minimum of £7,500 per annum.

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

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 The Bank of New York Mellon SA/NV, London 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 £7.00 and £87.53 per transaction
Custody Charges	Between 0.003183% and 0.50% 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.

#### **7.4 Investment Manager's Fee and Performance 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.

The Investment Manager is also entitled to a Performance Fee in relation to the performance of the Shares, further details of which are found in Appendix I.

Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

#### **7.5 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.

The Smith & Williamson remuneration policy is designed to be compliant with the AIFMD Remuneration Code contained in SYSC 19B of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners

and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy.

Details of the Smith & Williamson remuneration policy are available on the website <http://smithandwilliamson.com/footer-pages/remuneration-code-disclosure>. A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 222 1151.

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

## **8 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1 Class, Company and Sub-fund Meetings**

The Company will not hold annual general meetings.

Copies of contracts of service between the ICVC 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.

### **8.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **8.3 Notice and Quorum**

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

### **8.4 Voting Rights**

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

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

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

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

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

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

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

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

## **8.5 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 scheme, or on giving 60 days’ notice to shareholders where these do not alter the nature or risk profile of the scheme. 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.

## **9 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.

## **9.1 Taxation of an Equity Sub-Fund**

### **9.1.1 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.

### **9.1.2 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.

## **9.2 Taxation of a Bond Sub-Fund**

### **9.2.1 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.

### **9.2.2 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.

## **9.3 Taxation of a Shareholder - Equity Sub-Fund**

### **9.3.1 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.

From 6 April 2017, additional rate taxpayers are required to pay tax at 38.1% on their distributions while the rate for higher rate taxpayers is 32.5% and for basic rate taxpayers it is 7.5%. Individuals with a net adjusted income of £100,000 will also have their personal allowances reduced £1 for every £2 on the income

above this limit. The personal allowance will be reduced to nil above an income level of approximately £123,000. 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.

### 9.3.2 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.

### 9.3.3 Inheritance tax

A gift by shareholders of his shareholdings 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.

## 9.4 Taxation of a Shareholder - Bond Sub-Fund

#### 9.4.1 **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.

#### 9.4.2 **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.

#### 9.4.3 **Inheritance tax**

A gift by a Shareholders of his 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.

#### 9.5 **Stamp Duty Reserve tax**

"On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares an OEIC. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on shares in OEICs be reintroduced in the future, all such costs will be paid out of the Sub-fund's Scheme Property and charged to capital.

However it should be noted that in the unlikely event of either of;

- (a) third party transfer of shares or
- (b) non-pro rata in specie redemptions, occurring within the Sub-fund, SDRT may still be triggered and where applicable be charged to the investor".

#### 9.6 **Automatic Exchange of Financial Account Information**

### 9.6.1 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.

### 9.6.2 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.

## 10 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.

## 11 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.

### 11.1 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.

## **12 GENERAL INFORMATION**

### **12.1 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.

## 12.2 Notice to Shareholders

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

## 12.3 Income Allocations

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

## 12.4 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.

The annual and half-yearly reports will include disclosures on the following:

- (a) The percentage of each Sub-fund's assets that are subject to special arrangements arising from their illiquid nature;
- (b) Any new arrangements for managing the liquidity of each Sub-fund;
- (c) The current risk profile of each Sub-fund and the risk management systems employed by the ACD to manage those risks;
- (d) Any changes to the maximum level of leverage that the ACD may employ on behalf of each Sub-fund;
- (e) Any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- (f) The total amount of leverage employed by each Sub-fund.

## 12.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at 25 Moorgate, London EC2R 6AY:

- (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).

## 12.6 Material Contracts

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

- (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 6 “Management and Administration”.

#### **12.7 Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 25 Moorgate, London EC2R 6AY. 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.

#### **12.8 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.

#### **12.9 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Compliance Officer of the ACD at 25 Moorgate, London EC2R 6AY or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, telephone number 0845 080 1800. 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.

#### **12.10 Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of default your investment is protected up to the value of £50,000 per person per firm.

#### **12.11 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.

## 12.12 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.

## 12.13 Risk Management

12.13.1 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 Regulations require that authorised corporate directors maintain a liquidity risk management process.

12.13.2 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:

**12.14 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.

**12.15 Indemnity**

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

## APPENDIX I

### SUB-FUND DETAILS

In Appendix I, information is given regarding the ongoing charges figure (OCF) in respect of each Fund. The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Fund (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)).

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

**Type of Sub-fund:** Non-UCITS retail scheme

**FCA product Reference Number;** 644313

**Investment Objective and Policy:** The Sub-fund has an absolute return objective, aiming to achieve positive returns over rolling twelve-month periods at lower levels of volatility than experienced in traditional balanced funds. *Please note: capital invested in the Sub-fund is at risk, there is no guarantee that a positive return will be achieved over a rolling twelve-month, or any other, period.*

The Sub-fund is broadly diversified across asset classes with limits on exposure to different classes, wherever possible seeking low correlation of returns between the classes and low volatility in the Sub-fund's overall value. The Sub-fund is prepared to hold high proportions in cash and other lower-risk assets in pursuit of the objective.

The Sub-fund may invest in the following asset classes: transferable securities (including fixed interest securities, government securities, equities, and holdings in quoted funds and quoted property companies), money market instruments, units or shares in collective investment schemes (including interests in alternative investment funds and 'hedge funds'), and cash deposits. No more than 10% of the Sub-fund's total assets may be invested in collective investment schemes.

Derivatives may be employed in the pursuit of the investment objectives of the Sub-fund 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.

The Sub-fund will not invest directly in immovables or gold.

<b>Performance Benchmark</b>	Three month LIBOR	
<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 Income and Accumulation B Shares Income and Accumulation** C 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 in 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%
<b>Ongoing Charges Figure (OCF):</b>	A Shares	1.27% as at 30/09/2016
	B Shares	0.91% as at 30/09/2016
	C Shares	0.77% as at 30/09/2016
<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>		
<b>Lump sum:</b>	A Shares	£5,000
	B Shares**	£100,000

	C Shares**	£1,000,000
Holding:	A Shares	£5,000
	B Shares**	£100,000
	C Shares**	£1,000,000
Top-up:	A Shares	£5,000
	B Shares**	£100,000
	C Shares**	£1,000,000
ISA:	Yes	
Regular Savings Plan:	No	
Redemption:	N/A (provided minimum holding is maintained)	
Income to be distributed as a dividend or interest?	The ACD anticipates income will be distributed in the form of a dividend.	
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 and C 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.**

## SUB-FUND DETAILS

<b>Name:</b>	SVS Church House Deep Value Investment Fund
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>FCA product Reference Number</b>	644314
<b>Investment Objective and Policy:</b>	<p>The Sub-fund has an objective of long-term capital growth from a concentrated portfolio of equity investments; income distributions (if any) are likely to be low. Over the long-term, the objective is to provide positive returns irrespective of the UK equity market; no attempt will be made to track, or perform relative to, the UK equity market. Long-term in this context means five years or more.</p> <p>Capital invested in the Sub-fund is at risk, there is no guarantee that a positive return will be achieved over a five year period, or any other time period. With such a concentrated portfolio of (typically) smaller company investments, volatility in the Sub-fund's asset value is likely to be high.</p> <p>The Sub-fund will invest in the shares of companies that exhibit 'deep value' characteristics i.e. that exhibit balance sheet strength relative to their market capitalisation. To provide a margin of safety, the Sub-fund seeks to identify companies that have traded profitably in the past and can realistically be expected to be able to return to profitability.</p> <p>The Sub-fund will have a concentrated portfolio; the number of investments is unlikely to exceed thirty at any one time. During periods when no suitable investments are identified the Sub-fund may be substantially liquid for sustained periods; such liquidity may be maintained in cash deposits, UK Treasury bills and other short-dated UK Government securities.</p> <p>The Sub-fund will not invest more than 7% of its total assets in the securities of any one company or group at the time the investment is made. Primarily it will consider investment opportunities in companies admitted to trading on the London Stock Exchange and AIM, but up to 30% of total assets may also be invested in companies listed overseas, principally in</p>

Western Europe and North America. No more than 10% of the Sub-fund's total assets may be invested in collective investment schemes.

The Sub-fund will, at all times, invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy.

It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management. The Sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the Sub-fund.

<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>Ongoing Charges Figure (OCF)</b>	A Shares	1.48% as at 30/09/2016
	B Shares	1.11% as at 30/09/2016
<b>Charge for investment research:</b>	None	
<b>Performance fee:</b>	None	
<b>Charges taken from Income:</b>	Yes	
<b>Investment Minima*:</b>		
<b>Holding amount:</b>	A Shares	£5,000

	B Shares**	£100,000
Initially:	A Shares	£5,000
	B Shares**	£100,000
Subsequently:	A Shares	£1,000
	B Shares**	£100,000
ISA:	Yes	
Regular Savings Plan:	No	
Redemption:	N/A (provided minimum holding is maintained)	
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

#### 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 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 the Sub-fund's investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to non-UCITS retail schemes. These limits apply to each Sub-fund as summarised below. These limits will apply to each Sub-fund that exists from time to time, as summarised below.

Normally, a Sub-fund will be fully invested save for an amount to enable redemption of Shares, efficient management of a Sub-fund in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-funds.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of a Sub-fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

It is not intended that the Sub-funds will have any interest in any immovable property or tangible movable property.

#### 2 Prudent Spread of Risk

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

#### 3 Cover

3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and 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.

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

- (a) 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

- (b) no element of cover must be used more than once.
- 4 Non-UCITS Retail Schemes - General**
- 4.1 Subject to the investment objective and policy of a Sub-fund, the Scheme Property must, except where otherwise provided in COLL 5 only consist of any or all of:
- (a) transferable securities;
  - (b) money-market instruments;
  - (c) units or shares in permitted collective investment schemes;
  - (d) permitted derivatives and forward transactions; and
  - (e) permitted deposits.
- 4.2 It is not intended that any Sub-fund will have an interest in any immovable property, gold or tangible movable property.
- 4.3 Transferable securities and money-market instruments held within a Sub-fund must (subject to paragraph 4.4 of this Appendix) be:
- (a) admitted to or dealt on an eligible market as described below;
  - (b) be approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 11 in this Appendix;
  - (c) recently issued transferable securities provided that:
    - (d) the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and  - (e) such admission is secured within a year of issue.
- 4.4 Not more than 20% in value of the Scheme Property is to consist of transferable securities, which are not approved securities (aggregated with the value of the Scheme Property which can be invested in unregulated collective investment schemes as set out in paragraph 8.1.1(e) of this Appendix or money-market instruments which are liquid and have a value which can be determined accurately at any time.
- 4.5 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 2 of this Appendix is complied with.
- 4.6 Up to 5% of the Scheme Property of the Sub-funds may be invested in warrants.



## 5 Eligible Markets Regime: Purpose

- 5.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- 5.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 5.3 A market is eligible for the purposes of the rules if it is:
- (a) a regulated market as defined in the FCA Handbook; or
  - (b) a market in an EEA State which is regulated, operates regularly and is open to the public.
- 5.4 A market not falling within paragraph 5.3 of this Appendix is eligible for the purposes of COLL 5 if:
- (a) the ACD, after consultation and notification with 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:
    - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 5.5 In paragraph 5.4(a) above, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## 6 Spread: General

- 6.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.6.8R (Spread: government and public securities) applies.
- 6.2 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.
- 6.3 Not more than 10% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).

- 6.4 The limit of 10% in paragraph 6.3 above is raised to 25% in value of the Scheme Property of a Sub-fund in respect of covered bonds.
- 6.5 In applying paragraph 6.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 6.6 Not more than 35% in value of the Scheme Property of a Sub-fund is to consist of the units or shares of any one collective investment scheme.
- 6.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Sub-fund.
- 6.8 For the purpose of calculating the limit in paragraph 6.7 above, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - (d) can be fully enforced by a Sub-fund at any time.
- 6.9 For the purposes of calculating the limits in paragraph 6.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- (a) comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - (b) are based on legally binding agreements.
- 6.10 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- (a) it is backed by an appropriate performance guarantee; and
  - (b) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 7 Spread: Government and Public Securities**
- 7.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued or guaranteed by:
- (a) an EEA State; or
  - (b) a local authority of an EEA State; or

- (c) a non-EEA State; or
  - (d) a public international body to which one or more EEA States belong.
- 7.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 7.3 The Company or any Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- (a) the ACD has before any such investment is made, consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of a Sub-fund;
  - (b) no more than 30% in value of the Scheme Property of a Sub-fund consists of such securities of any one issue;
  - (c) the Scheme Property of a Sub-fund includes such securities issued by that or another issuer, of at least six different issues;
  - (d) the disclosures in the Prospectus required by the FCA have been made.
- 7.4 In giving effect to the foregoing object more than 35 % of the property of the Company or any Sub-fund, as the case may be, may be invested in the 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.

## **8 Investment in Collective Investment Schemes**

- 8.1 Unless the Sub-fund's investment policies specify otherwise, up to 100% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions.
- 8.1.1 The Second Scheme must:
- (a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - (b) be authorised as a non-UCITS retail scheme; or
  - (c) be recognised under the provisions of s.264 or s.272 of the Financial Services and Markets Act 2000; or
  - (d) be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or

- (e) be a scheme not falling within paragraphs 8.1.1(a) to 8.1.1(d) and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.
- 8.1.2 The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
- 8.1.3 The Second Scheme is prohibited from having more than 15% in value of the scheme property consisting of units or shares in collective investment schemes (unless COLL 5.6.10AR applies).
- 8.1.4 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.
- 8.1.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 8.1.2 to 8.1.4 apply to each sub-fund as if it were a separate scheme.
- 8.1.6 Investment may only be made:
- (a) in other collective investment schemes managed by the ACD or an associate of the ACD; and/or
  - (b) in another Sub-fund of the Company;
- If the Prospectus of the Company clearly states that the Sub-funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 8.2 The Sub-funds may, subject to the limit set out in paragraph 8.1 above, invest;
- (a) in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-funds or one of its associates; and/or
  - (b) in another Sub-fund of the Company.
- 8.3 Any second schemes in which the Sub-Funds invest will be established in the locations listed in Appendix IX. The Sub-funds may invest in second schemes established in locations not currently listed in Appendix IX provided the second scheme satisfies the requirements of paragraph 8 and the FCA Regulations, where this occurs the list in Appendix IX will be updated and an updated Prospectus issued.
- 9 Investment in Feeder Schemes**
- 9.1 A non-UCITS retail scheme that is not a feeder NURS may, if the following conditions are met, invest in units of:
- (a) a feeder UCITS; or
  - (b) a feeder NURS; or

- (c) a scheme dedicated to units in a single property authorised investment fund; or
  - (d) a scheme dedicated to units in a recognised scheme
- 9.2 The relevant master UCITS must comply with COLL 5.2.13R (2), (3) and (4) as if it were the second scheme for the purpose of that rule.
- 9.3 The relevant qualifying master scheme, property authorised investment fund or recognised scheme must comply with COLL 5.6.10R (2) to (5) as if it were the second scheme for the purpose of that rule.
- 9.4 Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under (9.1) (i) to (iv).
- 9.5 The non-UCITS retail scheme must not invest directly in units of the relevant master UCITS, qualifying master scheme, property authorised investment fund or recognised scheme.
- 9.6 The authorised fund manager of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under 9.1(a) to 9.1(d) is:
- (a) in the interests of investors; and
  - (b) no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant:
    - (i) master UCITS; or
    - (ii) qualifying master scheme; or
    - (iii) property authorised investment fund; or
    - (iv) recognised scheme.

## 10 Investment in Nil and Partly Paid Securities

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

## 11 Investment in Money-Market Instruments

- 11.1 A Sub-fund may invest up to 100% in money-market instruments which are within the provisions of 4.3 above or 11.2 below and subject to the limit of 20% referred to in 4.4 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.

- 11.2 In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - (b) the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.

- 11.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting 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 risks related to investment in it), in accordance with COLL 5.2.10CR; and
  - (c) the instrument is freely transferable.

## 12 Derivatives: General

- 12.1 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.
- 12.2 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 14 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 21 (Cover for transactions in derivatives and forward transactions).
- 12.3 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 12.4 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 12.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or

other variable, and therefore vary in a way similar to a stand-alone derivative;

- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 12.6 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.
- 12.7 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.2R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

### 13 Efficient Portfolio Management

- 13.1 The Company 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 Company 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.
- 13.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - (b) Transactions for the generation of additional capital growth or income for a Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
    - (i) pricing imperfections in the market as regards the property which a Sub-fund holds or may hold; or

- (ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of a Sub-fund which the Company is willing to buy or sell at the exercise price, or
- (iii) stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

- 13.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook. Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.

#### 14 Permitted Transactions (Derivatives and Forwards)

- 14.1 A transaction in a derivative must be:
- (a) in an approved derivative; or
  - (b) be one which complies with paragraph 17 (OTC transactions in derivatives).
- 14.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:
- (a) transferable securities;
  - (b) money-market instruments;
  - (c) deposits;
  - (d) permitted derivatives under this paragraph;
  - (e) collective investment scheme units permitted under paragraph 8 (Investment in collective investment schemes);
  - (f) financial indices which satisfy the criteria set out in COLL 5.2.20R;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- 14.3 The exposure to the underlyings in paragraph 13.2 above must not exceed the limits in paragraphs 6 and 7 above.
- 14.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.



14.5 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

14.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 16 are satisfied.

14.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

## 15 Financial Indices Underlying Derivatives

15.1 The financial indices referred to in paragraph 14.2 are those which satisfy the following criteria:

- (a) the index is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers; and
- (c) the index is published in an appropriate manner.

15.2 A financial index is sufficiently diversified if:

- (a) 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;
- (b) 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
- (c) 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.

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

- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (b) 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
- (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

- 15.4 A financial index is published in an appropriate manner if:
- (a) 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
  - (b) 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.

15.5 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 14.2 be regarded as a combination of those underlyings.

## 16 Transactions for the Purchase of Property

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

### 16.1 Requirement to Cover Sales

No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-fund at the time of the agreement. This requirement does not apply to a deposit.

### 16.2 The above does not apply where:

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

- (iv) In the asset classes referred to in paragraph 16, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 17 OTC Transactions in Derivatives

17.1 Any transaction in an OTC derivative under paragraph 14.1(b) must be:

- (a) in a future or an option or a contract for differences
- (b) with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- (c) on approved terms; the terms of the transaction in derivatives are approved only if, the authorised fund manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transactions to sell, liquidate or close out that transaction, at any time, at its fair value; 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:
  - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - (ii) if the value referred to in paragraph 17.1(c)(i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- (d) 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:
- (e) 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
- (f) a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Sub-fund and which is adequately equipped for such a purpose.

- 18 Risk Management**
- 18.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund's positions and their contribution to the overall risk profile of a Sub-fund.
- 19 Investments in deposits**
- 19.1 A Sub-fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.
- 20 Schemes Replicating an Index**
- 20.1 A Sub-fund may invest up to 20% in value of its Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the performance or composition of a relevant index as defined below.
- 20.2 The 20% limit can be raised for a particular Sub-fund up to 35% in value of its Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 20.3 In the case of a Sub-fund replicating an index the Scheme Property of a Sub-fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to a Sub-fund in trading in an underlying investment.
- 21 Cover for Transactions in Derivatives and Forward Transactions**
- 21.1 A Sub-fund may invest in derivatives and forward transactions as long as the exposure to which a Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 21.2 Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Sub-fund is committed. Detailed requirements for cover of a Sub-fund are set out below.
- 21.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 21.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## 22 **Borrowing**

- 22.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 21 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 22.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 26 (General power to borrow) of this Appendix do not apply to that borrowing.

## 23 **Cash and Near Cash**

- 23.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- (a) the pursuit of a Sub-fund's investment objectives; or
  - (b) the redemption of shares; or
  - (c) efficient management of a Sub-fund in accordance with its investment objectives; or
  - (d) other purposes which may reasonably be regarded as ancillary to the investment objective of a Sub-fund.
- 23.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 24 **General**

- 24.1 It is not intended that any Sub-fund will have an interest in any immovable property, gold or tangible movable property.
- 24.2 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of shares, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 24.3 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 24.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore

compliance with the investment limits as soon as practicable having regard to the interests of shareholders.

## **25 Underwriting**

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

## **26 General Power to Borrow**

26.1 The ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

26.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of each Sub-fund.

26.3 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **27 Restrictions on Lending of Money**

27.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Company if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

27.2 Acquiring a debenture is not lending for the purposes of paragraph 26.1 nor is the placing of money on deposit or in a current account.

## **28 Restrictions on Lending of Property Other Than Money**

28.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

28.2 Transactions permitted by paragraph 31 (Stock lending) are not to be regarded as lending for the purposes of paragraph 26.1.

28.3 Nothing in this paragraph prevents the Company or the Depositary at the request of the Company from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.

## **29 General Power To Accept or Underwrite Placings**

29.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-

underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

29.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

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

## 30 Guarantees and Indemnities

30.1 The Company or the Depositary for the account of the Company or a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.

30.2 None of the Scheme Property of a Sub-fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

30.3 Paragraphs 30.1 and 30.2 do not apply in respect of a Sub-fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:

- (a) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- (b) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- (c) an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Sub-fund and the holders of units in that scheme become the first shareholders in a Sub-fund.

## 31 Stock Lending

31.1 The entry into stock lending transactions and repo contracts for the account of a Sub-fund is not permitted.

## 32 Leverage

32.1 Transactions introducing leverage are generally undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates or involve receiving a premium for the writing of a covered call option or cash covered put option on the property of the Company which the Company is willing to buy or sell at the exercise price. The Sub-funds may also borrow up to

10% of their net asset value; as a result of actively invested borrowing the Sub-fund would display leveraged characteristics.

The types and sources of leverage and risks the Company may employ are as follows:

- (a) The Sub-fund may borrow up to 10% of its net asset value from an Approved Bank, and;
- (b) Through the use of derivatives. Any exposure by the Sub-fund through the use of derivatives must be covered by cash or readily realisable assets held by the Sub-fund. Restrictions on the use of derivatives are outlined in the Investment Objective and Policy in Appendix I and detailed in the Investment and Borrowing Powers in Appendix II.

**Please** refer to the Risk Factors for details of the risks associated with these types of leverage.

32.2 The following restrictions apply to the use of leverage:

- (a) **Leverage through Borrowing:** The Sub-fund may borrow from Eligible Institutions or Approved Banks only.
- (b) **Leverage through the Use of Derivatives:** Derivatives may be used for the purposes of Efficient Portfolio Management only. No current collateral or asset reuse arrangements are currently in place. Should the Sub-fund enter into any contracts that require the use of collateral in future, collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.

The maximum level of leverage the Sub-funds may employ at any time is 100%.



## 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.

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

This Sub-fund is suitable for all investor types whose knowledge and experience is informed or experienced, coming into the Sub-fund from all available distribution channels.

Basic investors in particular should however be aware the Sub-fund uses derivatives for investment purposes and the risks associated, please refer to the Futures and Options Risk section of this prospectus.

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 any given time period.

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

#### **SVS Church House Deep Value Investment 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

### LIST OF AUTHORISED FUNDS THAT SMITH & WILLIAMSON FUND ADMINISTRATION LIMITED ACTS AS AUTHORISED FUND MANAGER OR AUTHORISED CORPORATE DIRECTOR FOR

Authorised Unit Trusts	Investment Companies with Variable Capital
Bryn Siriol Fund	Forest Fund ICVC
Eagle Fund	Hercules Managed Funds
Orchard Fund	Knotts Investments Fund
Ourax Unit Trust	Moorgate Funds ICVC
S&W Langham Trust	New Square Investment Funds
S&W Latham H Unit Trust	New Square Investment Funds 2
S&W Magnum Trust	Pendennis Fund ICVC
S&W Marathon Trust	Pityoulish Investments Fund
S&W Quercus Unit Trust	S&W Aubrey Capital Management Investment Funds
S&W Thoroughbred Trust	S&W Deucalion Fund
S&W Witch General Trust	S&W Kennox Strategic Value Fund
S&W Worldwide Fund	S&W Millbank Investment Funds
Smith & Williamson European Equity Fund	S&W New Sarum Funds OEIC
Smith & Williamson Far Eastern Income and Growth Fund	S&W Revera Fund
Smith & Williamson Fixed Interest Fund	S&W Saltus Onshore Portfolios
Smith & Williamson North American Equity Fund	S&W TS Campana Fund
Smith & Williamson UK Equity Growth Fund	Sardasca Fund
Smith & Williamson UK Equity Income Fund	Smith & Williamson Funds
Starhunter Managed Trust	Smith & Williamson Investment Funds ICVC
SVS Albion OLIM UK Equity Income Fund	Smithfield Funds
SVS Church House Balanced Equity Income Fund	Stratford Place Fund
SVS Church House Esk Global Equity Fund	SVS Brown Shipley Investment Company
SVS Church House Investment Grade Fixed Interest Fund	SVS Brown Shipley Multi Asset Portfolio
SVS Church House UK Managed Growth Fund	SVS CH Special Mandates Fund
SVS True Potential Investments Fund	SVS Cornelian Investment Funds
The Acorn Trust	SVS Heritage Investment Fund
The Alkerton Trust	SVS True Potential Investments OEIC 1
The Barro II Trust	SVS True Potential Investments OEIC 2
The Capital Balanced Fund	SVS True Potential Investments OEIC 3
The Devonshire Trust	Sylvan Funds
The Dream Trust	Taber Investments Fund
The Endeavour II Fund	The Air Pilot Fund
The Enterprise Trust	The Aurinko Fund
The Global Opportunities Fund	The Blu-Frog Investment Fund
The Ilex Fund	The Brighton Rock Fund
The Jetwave Trust	The Capital Link Growth Fund
	The Cheviot Fund
	The Daisybelle Fund
	The Dinky Fund
	The Dunninger Fund
	The Explorer Funds
	The Folla Fund
	The Galacum Fund
	The Gloucester Portfolio
	The Greylag Fund
	The Headspring Fund

The Lancaster Trust	The Headway Fund
The Millennium Fund	The Jay Fund
The Plain Andrews Unit Trust	The Kingfisher Fund
The Securities Fund	The Loch Moy Fund
The Skye Trust	The Magpie Fund
The Wessex Portfolio Trust	The MF Fund
Worldwide Growth Trust	The Milne Fund
	The Nectar Fund
	The Norton Fund
	The Princedale Fund
	The Rosslyn Fund
	The SBB Fund
	The Staffordshire Portfolio
	The Stellar Fund
	The Touchstone Investment Fund
	The Tully Fund
	The Westhill Investment Fund

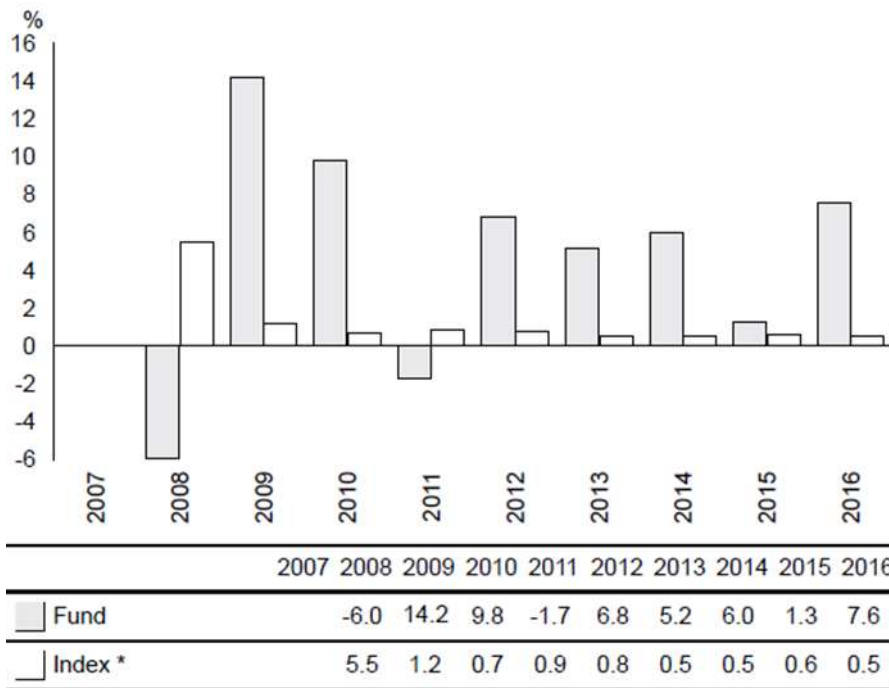
## APPENDIX VI

### PAST PERFORMANCE AND INVESTOR PROFILE

#### Annual Performance Data

All charges and fees, except any entry, exit or switching charges, have been included within the performance calculation. You should be aware that past performance is not a guide to future performance.

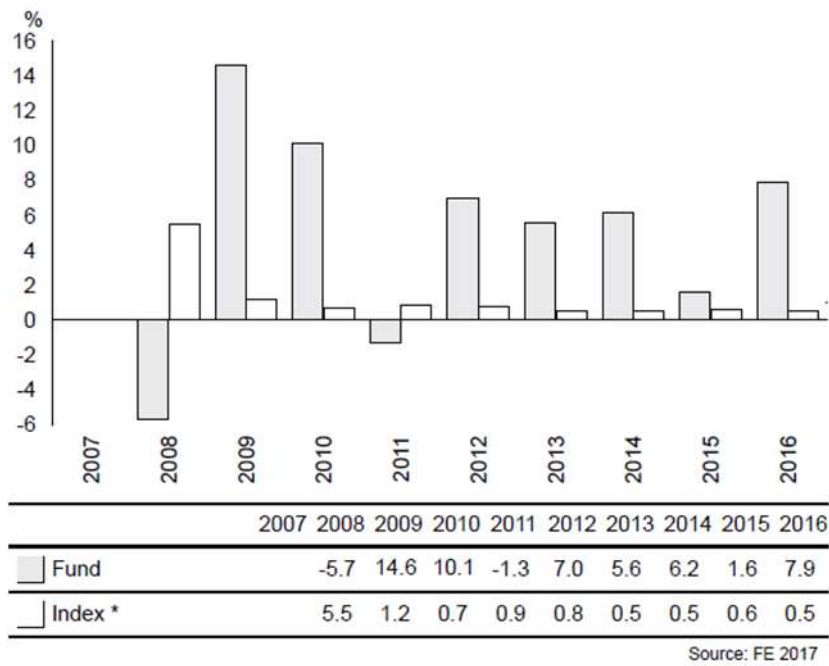
#### SVS Church House Tenax Absolute Return Strategies Fund A Shares



Source: FE 2017

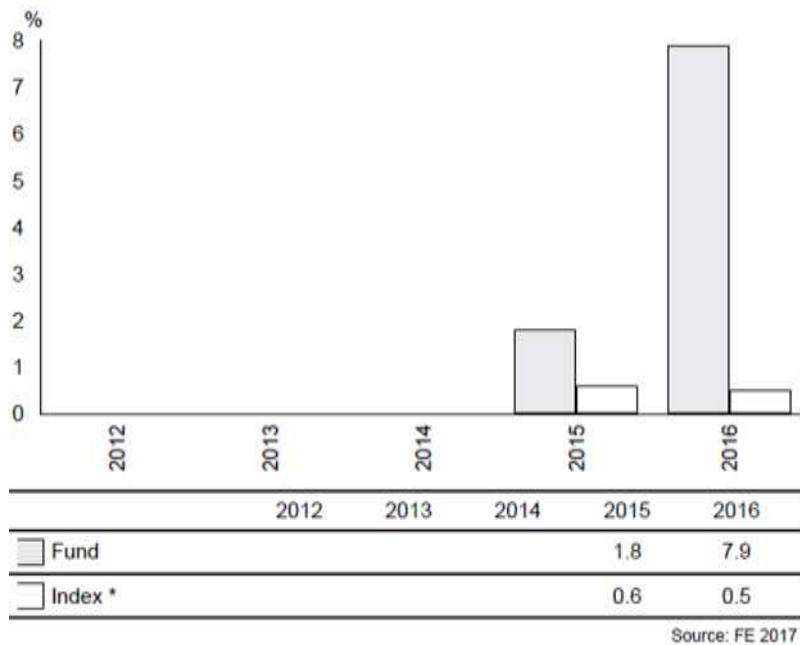
\*LIBOR GBP 3 Months

### SVS Church House Tenax Absolute Return Strategies Fund B Shares



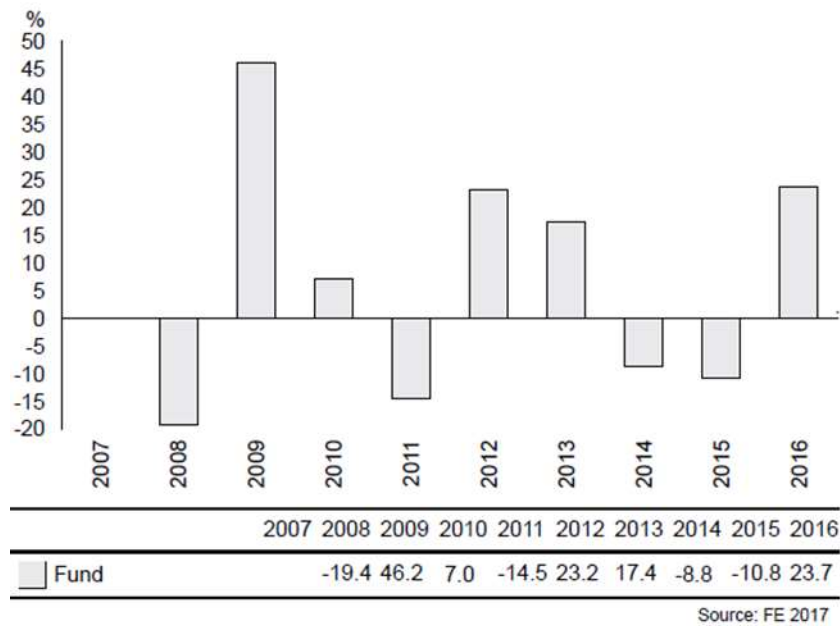
\*LIBOR GBP 3 Months

### SVS Church House Tenax Absolute Return Strategies Fund C Shares



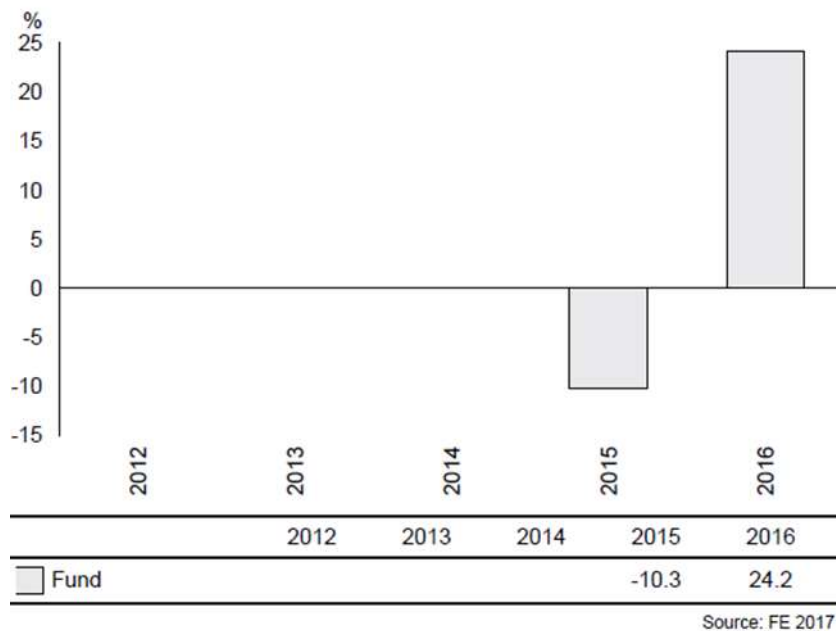
\*LIBOR GBP 3 Months

### SVS Church House Deep Value Investment Fund A Shares



The performance figures quoted prior to the 29/02/2012 represent the performance of the Church House Deep Value Fund (ISIN: BSP2562P1035). The Fund was run by the same Investment Manager and under the same investment process. The assets of the Fund were transferred on the 29/02/2012 into the Church House Deep Value Investment Fund.

### SVS Church House Deep Value Investment Fund B Shares



## APPENDIX VII

### DIRECTORY

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

SVS CH Special Mandates Fund  
25 Moorgate  
London EC2R 6AY

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

Smith & Williamson Fund Administration Limited

#### **Registered Office:**

25 Moorgate  
London EC2R 6AY

#### **Correspondence Address:**

Transfer Agency Team  
206 St Vincent Street  
Glasgow G2 5SG

#### **Telephone Numbers:**

For Dealing - 0141 222 1150

For Prices, Registration and Other Enquiries - 0141 222 1151

#### **Depository:**

National Westminster Bank Plc  
135 Bishopsgate  
London EC2M 3UR

#### **Principal Place of Business:**

Trustee and Depository Services  
Younger Building  
1ST Floor  
3 Redheughs Avenue  
Edinburgh EH12 9RH

#### **Investment Manager:**

Church House Investments Limited  
York House  
6 Coldharbour  
Sherborne  
Dorset DT9 4JW

#### **Auditors:**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

## APPENDIX VIII

### LIST OF DIRECTORS OF SMITH & WILLIAMSON FUND ADMINISTRATION LIMITED

#### Name of Director

David Cobb

Jocelyn Dalrymple

Giles Murphy

Susan Shaw

Kevin Stopps

Paul Wyse

James Gordon

Peter Maher

Grant Hotson

Tas Quayum

Brian McLean

None of the directors have any business activities of significance to the Company that are not connected with the business of the ACD.



## APPENDIX IX

### ESTABLISHMENT OF COLLECTIVE INVESTMENT SCHEMES

Any second schemes in which the Company may invest will be established in the locations listed below. This list is not restrictive and may be amended from time to time where the Company invests in second schemes established in new locations.

Any member state of the European Economic Area

Australia

Bermuda

Canada

Cayman Islands

Channel Islands

Isle of Man

Japan

Singapore

Switzerland

United States