

**INVESTMENT FUND SERVICES LIMITED**

**IFSL HATHAWAY FUND**

Prospectus prepared in accordance with the  
Collective Investment Schemes Sourcebook

This Prospectus is valid  
and dated as at 1 June 2024

*This document is important and you should read all the information contained in it. If you are in any doubt as to the meaning of any information contained in this document you should consult either the Manager or your authorised Financial Adviser.*

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**Important information**

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

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Scheme 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.

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 Units.

Unitholders are deemed to have taken notice of the provisions of the Trust Deed which is binding on each of the Unitholders. A copy of the Trust Deed is available on request from Investment Fund Services Limited.

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

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

This Prospectus is based on information, law and practice at the "valid as at date" which is on the front cover and below. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with the Manager that this is the most recently published prospectus.

**US Tax Reporting**

The Scheme is required to comply with certain reporting requirements in order to avoid a 30% US withholding tax on interest income and the proceeds of sales of US securities and other US financial instruments. Complying with such requirements may require the Scheme to request certain information and documentation from Unitholders, and to agree to provide such information and documentation to the IRS if requested to do so. Any Unitholder that fails to provide the required information may be subject to a compulsory redemption of their units and/or mandatory penalties.

Units 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 (as defined below). The Scheme has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Manager has not been and will not be registered under the United States Investment Advisers Act of 1940.

A "U.S Person" means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S Person" under Regulation S promulgated under the United States Securities Act of 1933.

This Prospectus is dated and valid as at 1 June 2024.

## **DEFINITIONS**

<b>"The Act"</b>	the Financial Services and Markets Act 2000, as amended.
<b>the "Administrator"</b>	SS&C Financial Services International Limited.
<b>"The Collective Investment Schemes Sourcebook" or "COLL"</b>	the rules contained in the Collective Investment Schemes Sourcebook and made by the FCA pursuant to section 247 of the Act, as amended from time to time.
<b>"EEA"</b>	means the European Economic Area.
<b>"FCA"</b>	Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.
<b>the "Fund" or the "Scheme"</b>	IFSL Hathaway Fund.
<b>the "Investment Manager"</b>	Hathaway Investment Management Limited
<b>"Leverage"</b>	means any method by which the exposure of a Scheme is increased, whether through borrowing of cash or transferrable securities or leverage embedded in derivative positions or by any other means;
<b>the "Manager"</b>	Investment Fund Services Limited.
<b>the "Register"</b>	means the Register of Unitholders of the Trust.
<b>the "Registrar"</b>	SS&C Financial Services International Limited.
<b>"Scheme Property"</b>	means those assets which comprise the property of the trust or which are attributed to a Fund (as the context requires).
<b>"The Trust Deed"</b>	the trust deed constituting the Scheme as amended by any supplemental deeds.
<b>the "Trustee"</b>	HSBC Bank plc.
<b>"UCITS"</b>	means an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS Scheme or an EEA UCITS scheme, as defined in the Financial Conduct Authority Handbook.
<b>"UCITS Directive"</b>	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65) (as amended).
<b>"UCITS Scheme"</b>	means a UK UCITS, as defined in the FCA Handbook.
<b>"UK UCITS"</b>	means, in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.
<b>"Unit"</b>	an income or an accumulation Unit in the Scheme.
<b>"Unitholder"</b>	a holder of Units in the Scheme.

## 1 THE MANAGER

<b>Name</b>	Investment Fund Services Limited.
<b>Corporate form</b>	Private limited company.
<b>Country of incorporation</b>	England and Wales.
<b>Holding company</b>	The Manager's ultimate holding company is UFC Fund Management plc, which is incorporated in England and Wales.
<b>Registered office and head office</b>	Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP.
<b>Date of incorporation</b>	16 <sup>th</sup> February 2007
<b>Share capital</b>	Issued and fully paid up share capital of £4,010,000.
<b>Authorisation</b>	Authorised and regulated by the Financial Conduct Authority.

In accordance with COLL, the Manager is permitted to delegate certain functions and has delegated the investment management function in relation to the Scheme to Hathaway Investment Management Limited. In accordance with the requirements in COLL, the Manager may terminate this agreement at any time with immediate effect where it is in the interests of the Unitholders to do so.

### Remuneration Policy

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

The matters covered by the Remuneration Policy include:

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

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff.

The Manager will make the latest version of the Remuneration Policy available on its website, [www.ifslfunds.com](http://www.ifslfunds.com), including a description of how remuneration and benefits are calculated and the identity of the persons responsible for awarding the remuneration and benefits. The Manager will provide paper copies free of charge upon written request to its operating address.

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

## 2 THE TRUSTEE

<b>Name</b>	HSBC Bank plc.
<b>Corporate form</b>	a public limited company incorporated in England and Wales with company registration number 00014259.
<b>Holding company</b>	The Trustee's ultimate holding company is HSBC Holdings plc, which is incorporated in England and Wales.
<b>Registered office and head office</b>	8, Canada Square, London, E14 5HQ.
<b>Principal business activity</b>	Provision of financial services, including trustee and depositary services.
<b>Authorisation</b>	Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
<b>Terms of appointment</b>	<p>Pursuant to the agreement dated 18th March 2016 (as novated) between the Scheme, the Manager and the Trustee (the "Depositary Services Agreement") and for the purposes of and in compliance with the Regulations, the Trustee has been appointed as the Trustee to the Scheme. The appointment of the Trustee under the Depositary Services Agreement may be terminated without cause by not less than 6 months written notice provided that the Depositary Services Agreement does not terminate until a replacement Trustee has been appointed.</p> <p>The fees to which the Trustee is entitled are set out below under the heading "Other Charges and Expenses".</p>
<b>Key Duties of the Trustee</b>	<p>The Trustee provides services to the Scheme as set out in the Depositary Services Agreement and, in doing so, shall comply with the Regulations. The Trustee's duties include the following:</p> <ul style="list-style-type: none"><li>(i) ensuring that the Scheme's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to units of the Schemes have been received.</li><li>(ii) safekeeping of the Scheme Property, which includes (i) holding in custody all financial instruments that can be registered in a financial instrument account opened in the Trustee's books and all financial instruments that can be physically delivered to the Trustee; and (ii) verifying the ownership of other assets and maintaining records accordingly.</li><li>(iii) ensuring that issues, redemptions and cancellations of the units of each Scheme are carried out in accordance with the Trust Deed, the Prospectus and the Regulations.</li><li>(iv) ensuring that in transactions involving Scheme Property any consideration is remitted to the Schemes within the usual time limits.</li><li>(v) ensuring that the value of the units of the Schemes is calculated in accordance with the Regulations.</li><li>(vi) carrying out the instructions of the Manager unless they conflict with the Trust Deed, the Prospectus or the Regulations.</li><li>(vii) ensuring that a Scheme's income is applied in accordance with the Regulations.</li></ul>
<b>Delegation of safekeeping function</b>	The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement. The Trustee has delegated to a number of delegates the custody of certain Scheme Property entrusted to the Trustee for safekeeping in accordance with the terms of written agreements between the Trustee and those delegates.

A list of delegates is set out in Appendix E. Unitholders should note that the list of delegates is updated only at each Prospectus review.

## **Conflicts**

From time to time actual or potential conflicts of interest may arise between the Trustee and its delegates. For example, such conflicts may arise; (i) where an appointed delegate is an affiliated group company and is providing a product or service to the Scheme and has a financial or business interest in such product or service; or, (ii) where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Scheme. The Trustee maintains a conflict of interest policy to address this.

In addition, actual or potential conflicts of interest may also arise between the Scheme, the Unitholders or the Manager on the one hand and the Trustee on the other hand. For example, such actual or potential conflict may arise because the Trustee is part of a legal entity or is related to a legal entity which provides other products or services to the Scheme and from which fees and profits in relation to the provision of those products or services may arise and from which the Trustee may benefit directly or indirectly. In addition, the Trustee may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Scheme, or may have other clients whose interests may conflict with those of the Scheme, the Unitholders or the Manager.

In particular, HSBC Bank plc may provide foreign exchange services to the Scheme for which they are remunerated out of the property of the Scheme. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Scheme; provides broking services to Scheme and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Scheme; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Scheme; or earns profits from or has a financial or business interest in any of these activities.

The Trustee will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Scheme than if the conflict or potential conflict had not existed.

The Trustee has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Trustee has functionally and hierarchically separated the performance of its trustee tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Trustee issues to be properly identified, managed and monitored.

## **Liability of the Trustee**

In general, the Trustee is liable for losses suffered by the Scheme as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Trustee will be liable to the Scheme for the loss of financial instruments of the Scheme which are held in its custody. The Trustee will not be indemnified out of the Scheme Property for the loss of financial instruments where it is so liable.

The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party.

The Trustee will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Trustee, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Trustee shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Trustee's liability under the Regulations the Manager will inform unitholders of such changes without delay.

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

#### **Updated Information**

Up to date information regarding the name of the Trustee, any conflicts of interest and delegations of the Trustee's safekeeping functions will be made available to unitholders upon written request to the Manager.

### **3 THE ADMINISTRATOR AND REGISTRAR**

**Name** SS&C Financial Services International Limited.  
**Address** Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

The Manager has appointed SS&C Financial Services International Limited to act as Registrar to the Scheme and also act as Administrator to the Scheme.

The head office address for SS&C Financial Services International Limited is St. Nicholas Lane, Basildon, Essex, SS15 5FS

The Register of Holders for the Scheme is kept and may be inspected at the Registrar's address shown above during normal office hours.

### **4 THE INVESTMENT MANAGER**

**Name** Hathaway Investment Management Limited  
**Registered office** Grosvenor House, 14 Bennetts Hill, Birmingham B2 5RS  
**Head office** Grosvenor House, 14 Bennetts Hill, Birmingham B2 5RS  
**Authorisation** Authorised and regulated by the Financial Conduct Authority.  
**Principal activity** Investment management

**Terms of appointment** The Investment Manager is responsible for making investment decisions in relation to the Scheme on behalf of the Manager and has authority to exercise full discretion subject to the Trust Deed, the Investment Objectives and policy of the Scheme and COLL. Under the Investment Management Agreement, the Investment Manager has the permission to delegate however where any delegation takes place the Investment Manager is responsible for oversight of any appointed party. The Investment Manager is remunerated by the Manager out of the annual management charge. The investment advisory agreement may be terminated by either party giving to the other no less than 6 month's prior written notice.

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

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



markets and taking steps to ensure that the distribution strategy is followed.

Hathaway is not paid a separate fee for its role as co-manufacturer.

## 5 THE AUDITOR

<b>Name</b>	Ernst & Young LLP
<b>Address</b>	Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

## 6 SUMMARY OF INFORMATION RELATING TO THE SCHEME

### IFSL Hathaway Fund

**Date of authorisation by the FCA** 18 September 2002.

**Product Reference Number (PRN)** 200135

**Launched on** 25 November 2002

**Investment objectives** The aim of the Fund is to grow the value of a unitholder's capital and income, over a period of at least 5 years. This growth is expected to come from a combination of gains in investments held and income received by the Fund - such as bond interest and dividends from shares.

**Investment policy** The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell, and when, across different industries and regions of the world.

The Investment Manager considers economic and market conditions, but the focus is on individual company analysis. The aim is to identify companies which show good long-term growth potential, and which appear to be undervalued given their prospects.

The Fund will invest between 40 - 85% of its portfolio in the shares of companies. There will be a bias towards enterprises that are expected to pay steady dividends; however, the Fund may occasionally invest in securities which do not pay dividends.

The Fund will invest between 15 - 60% of its portfolio in bonds, which are loans typically issued by companies, governments and other institutions. These will typically be investment grade bonds, where the issuer has a high and reliable capacity to repay the debt. However, from time to time, our operations may include sub-investment grade bonds (which can be more vulnerable to changing market conditions, but typically pay a higher rate of interest) where we judge them to be incorrectly downgraded.

The Fund may also invest in money market instruments, which are shorter term loans.

The Fund will hold cash to enable the ready settlement of liabilities and for the efficient management of the portfolio. The Fund may hold cash up to a maximum of 30%, in extreme market conditions.

### **Assessing performance**

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

The Fund's investment policy puts it in the IA Mixed investment 40-85% Shares sector. You may want to assess the Fund's performance compared to the performance of this sector.

<b>Accounting and record date</b>	30 September.
<b>Annual management charge</b>	1.0% (calculated and payable on the same basis as the Trustee's annual fee).  Any increase in the annual management charge is subject to 60 days' prior written notice in accordance with COLL.
<b>Initial charge</b>	The Manager may impose a charge payable by the Unitholder on the issue of Units (the "initial charge") in the Fund. If an initial charge is applied, it will be deducted from the investment proceeds at the outset and is calculated as a percentage of the price of a unit.  Any increase in the initial charge is subject to 60 days' prior written notice in accordance with COLL.
<b>Interim accounting and record dates</b>	31 March.
<b>Distribution/allocation dates</b>	30 November (Annual) and 31 May (Interim).
<b>Grouping periods</b>	1 April to 30 September and 1 October to 31 March.
<b>Dates for publication of the annual and interim long reports</b>	The Manager will produce annual and interim long reports on 31 January and 31 May respectively. Long reports will also be available upon request to the Manager from these dates.
<b>Valuation day and time</b>	12 noon on each Thursday that is a business day.
<b>Type of authorised Unit trust Scheme</b>	A UCITS Scheme which complies with COLL.
<b>Typical Investor</b>	<p>The Scheme is suitable for retail investors, professional investors and eligible counterparties whose investment requirements are aligned with the objectives, policies and risk profiles of the Scheme. The Scheme will be distributed primarily via fund platforms, wealth managers, discretionary fund managers and financial institutions. The Scheme has no complex features or guarantees and investors do not necessarily need to have investment experience however a basic understanding of investment markets, the kind of underlying investments of the Scheme and the risks involved in investment is important.</p> <p>This Prospectus contains detail on the Schemes' objectives, investment strategies, risks, performance, distribution policy and fees and expenses. All investors are expected to have also read the Key Investor Information Document (KIID) which is intended to help investors understand the nature and risks of investing in the Scheme.</p> <p>The Scheme may not be suitable for certain investors, including but not limited to those whose objectives and needs are not consistent with the nature of the Scheme, those who are unable to commit capital for a sufficient term or do not have sufficient resources to bear any loss which may result from an investment in the Scheme. The Scheme is also not committed to meeting any specific ethical, social, religious or environmental restrictions which some investors may be seeking.</p> <p>Further information on the intended target market for the Scheme is available from the Manager upon request. If you are in any doubt as to the suitability of the Scheme, you should consult an</p>

appropriately qualified financial adviser prior to making an investment.

## **7 THE CONSTITUTION OF THE SCHEME**

### **General**

The Scheme is an authorised unit trust. It is a UCITS Scheme which complies with COLL.

The Scheme was previously known as MFM Hathaway Fund and was renamed on 26<sup>th</sup> November 2021 to reflect the appointment of Investment Fund Services Limited as ACD.

The base currency of the Scheme is sterling. It is not intended that the Scheme will invest in any immovable property or tangible moveable property.

It is intended that the Manager will manage the Scheme so that it will be an eligible investment for the stocks and shares component of an ISA.

Unitholders are not liable for the debts of the Scheme.

### **Eligible Markets**

The Scheme may invest in any securities market which is eligible for the purposes of COLL.

An eligible market is a market established in an EEA State on which transferable securities admitted to official listing in the member State are dealt in or traded.

After consultation with the Trustee the Manager has decided that investment of, or dealing in, the property of the Scheme may also be made in the markets shown in Appendix B.

### **Hedging**

For the purposes of hedging the Manager may enter either a derivatives transaction or a forward transaction in a currency. A derivatives transaction is defined in COLL and outlined in Appendix A.

**Transactions undertaken for the purposes of hedging must be made with the aim of reducing the risk profile of the Scheme.**

Hedging transactions must not be speculative and must be economically appropriate.

The principal reasons which are taken into account when an EPM transaction is being considered are:-

- i) the reduction of risk in terms of fluctuation in prices, interest rates or exchange rates;
- ii) the reduction in the cost of managing the relevant fund; and
- iii) the generation of additional capital or income with an acceptably low level of risk.

### **Borrowing powers**

The Trustee may, on instructions from the Manager, borrow sums for the Scheme from an eligible institution on the terms that the borrowing is repayable out of the property of the Scheme.

The Manager must ensure that such borrowing is on a temporary basis and, for this purpose, must have regard to:

- i) the duration of any period of borrowing; and
- ii) the number of occasions on which borrowing is undertaken in any period.

The Manager must ensure that no period of borrowing exceeds 90 days, whether in respect of any specific sum or at all, without the prior consent of the Trustee.

In any event, the borrowing may not on any business day exceed 10% of the value of the property of the Scheme.

Currency other than sterling may be borrowed from an eligible institution for the purpose of hedging, under arrangements whereby a sum in sterling at least equivalent to the amount of currency borrowed is placed and kept on deposit by the Scheme with the lender or its agents.

Borrowings may be made from the Trustee or an associate on its best commercial terms.

## Concentration

The Scheme must not hold more than:

- 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
- 10% of the debt securities issued by any one issuer; or
- 10% of the money market instruments issued by any single body; or
- 25% of the Units in a collective investment scheme.

## Significant Influence

The Scheme may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Scheme does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Scheme such power. For the purposes of this restriction the holdings of all authorised unit trusts operated or managed by the Manager are aggregated.

## 8 LIMITATIONS ON TYPE OF INVESTMENTS

- (i) The type of Scheme is a UCITS Scheme which complies with COLL and has the investment powers set out in COLL. COLL prescribes certain limitations on the investments which may be included in the property of the Scheme. The Scheme is also subject to the restrictions set out in this Prospectus, and any restrictions set out in The Trust Deed.
- (ii) Up to 100% of the property of the Scheme may be invested in transferable securities that are admitted to listing or traded on an eligible market; approved money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time; warrants; deposits; Units in collective investment schemes; government and public securities; and investment funds. The Scheme may invest in derivatives for the purpose of hedging only (see the section on "Hedging" above).
- (iii) The transferable securities in which the Fund may invest must fulfil the following criteria:
  - the potential loss which the Fund may incur with respect to the holding the transferable security is limited to the amount paid for it;
  - its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder;
  - reliable valuation is available for the transferable securities as follows:
    - a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent independent research;
  - appropriate information is available for the transferable security as follows:
    - a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
  - it is negotiable; and
  - its risks are adequately captured by the risk management process of the Manager.

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

- (iv) A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Fund, provided it fulfils the criteria for transferable securities set out above, and either:
- Where the closed end fund is constituted as an investment company or a unit trust:
    - a) It is subject to corporate governance mechanisms applied to companies; and
    - b) Where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - Where the closed end fund is constituted under the law of contract:
    - a) It is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - b) It is managed by a person who is subject to national regulation for the purpose of investor protection.
- (v) The property of the Scheme may be invested in transferable securities, on which any sum is unpaid only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid, could be paid by the Scheme at the time when payment is required without contravening COLL.
- (vi) The Scheme may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.
- (vii) Not more than 5% in value of the property of the Scheme may normally be invested in transferable securities or approved money market instruments issued by one issuer, although up to 10% in value of the property of the Scheme can be invested in a particular issuer provided that the total value of all those investments exceeding the 5% limit does not exceed 40% in value of the property of the Scheme. Up to 20% in value of the property of the Scheme can consist of transferable securities or money market instruments issued by the same group.
- (viii) The limit of 5% in (vii) above is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when the Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed more than 80% in value of the Scheme Property. In general a covered bond is a bond that is issued by a credit institution which has its registered office in a EEA state and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure by the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised.
- (ix) Whilst the Scheme's Trust Deed permits the Scheme to be invest up to 100% of the Scheme Property in Government and public securities, currently not more than 35% of the property of the Scheme may be invested in Government and public securities issued by one issuer.
- (x) Up to 5% in value of the property of the Schemes may consist of units and/or shares in other collective investment schemes.

Not more than 5% in value of the property of the Scheme may be invested in units or shares of any one collective investment scheme and then only if certain conditions are met. The Trust Deed permits investment in schemes managed or operated by the Manager or its associates and COLL requires that the Manager pays into the relevant Scheme Property the amount or equivalent of any charges on issue or disposal of such units or shares (excluding any form of dilution adjustment ) borne by the Scheme.

The Scheme may invest in units in a collective investment scheme if it is one of the following schemes:

- a scheme which complies with the conditions necessary for it to enjoy the rights referred in the UCITS Directive;
- a scheme that is recognised under section 270 of the Act;
- a scheme that is authorised as a non-UCITS retail scheme (provided that the requirements of article 19(1)(e) of the UCITS Directive are met); or
- a scheme that is authorised in another EEA State (provided that the requirements of article 19(1)(e) are complied with); or
- a scheme that is authorised by the competent authority of an OECD member country (other than an EEA state) which has:
  - (i) signed the IOSCO Multilateral Memorandum of Understanding; and

- (ii) approved the scheme's management company, rules and depositary/custody arrangements; and

where in each case the Scheme complies with the rules relating to investment in other group schemes contained in COLL and is itself a scheme that has terms which prohibit more than 10% of its assets consisting of units in collective investment schemes.

- (xi) Not more than 5% in value of the property of the Scheme may consist of warrants. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene COLL. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Scheme at any time when the payment is required without contravening COLL.
- (xii) Up to 100% of the Scheme Property attributable to the Fund may consist of money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, being an 'approved money market instrument' in accordance with the rules in COLL.

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

The Fund may invest in an approved money market instrument if it is:

- a) issued or guaranteed by a central, regional or local authority or central bank of the United Kingdom or an EEA state or if the EEA state is a federal state, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA states belong; or
  - b) an establishment subject to prudential supervision in accordance with criteria defined by Community Law or an establishment which is subject to and complies with prudential rules governed by the FCA to be at least as stringent as those laid down by Community Law; or
  - c) issued by a body, any securities of which are dealt in on an eligible market.
- (xiii) In addition to instruments admitted to or dealt in on an eligible market, the Fund may invest in an approved money market instrument provided it fulfils the requirements in COLL governing regulated issuers of money market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with COLL.

The Fund may also with the express consent of the FCA invest in an approved money market instrument provided:

- a) the issue or issuer is itself regulated for the purpose of protecting investors and savings in accordance with COLL;
- b) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements of COLL 5.2.10BR(1)(a), (b) or (c); and
- c) the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles (as defined in COLL) which benefit from a banking liquidity line (as defined in COLL).

Transferable securities and approved money market instruments held within the fund must be:

- a) admitted to or dealt in on an eligible market which is a regulated market; or
- b) dealt in on an eligible market which is a market in an EEA state which is regulated, operates regularly and is open to the public; or
- c) admitted to or dealt in on a market which the Manager, after consultation with and notification to the Trustee decides that market is appropriate for the investment of, or dealing in, the Scheme Property, is listed in the Prospectus and the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for and all reasonable steps have been taken by the Manager in deciding whether that market is eligible; or

- d) recently issued transferable securities provided that the terms of the issue include an undertaking that application will be made to be admitted to be an eligible market, and such admission is secured within a year of issue.

The Fund may invest no more than 10% of the Scheme Property in transferable securities and money market instruments other than those referred to in (a) to (d) above.

- (xiv) Up to 20% in value of the property of the Scheme can consist of deposits with a single body. The Scheme may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.
- (xv) The Scheme may invest up to 20% in shares and debentures which are issued by the same body where its investment policy is to replicate the composition of an index whose composition is sufficiently diversified, which is an appropriate benchmark for the market to which it refers and which is published in an appropriate manner. This limit can be raised for the Scheme up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- (xvi) Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in COLL be entered into for the account of the Scheme.

## **9 SUSPENSION AND TERMINATION**

### **Suspension of the Scheme**

The Manager may, with the prior agreement of the Trustee, or must if the Trustee so requires, temporarily suspend, without prior notice to Unitholders, the issue, cancellation, sale and redemption of Units of the Fund, if the Manager or the Trustee is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so, having due regard to the interests of Unitholders. For example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the Manager to ascertain properly the value of any or all of the assets or realise any material part of the assets of the Fund.

The Manager will notify Unitholders as soon as it is practicable of any decision to suspend dealings and the exceptional circumstances which have led to the decision to do so. The Manager and Trustee will keep the suspension under ongoing review and will conduct a formal review of the reasons for the suspension at least every 28 days. Unitholders will be kept informed in writing of updates concerning any suspension. The FCA will be notified immediately of any suspension of dealing in Units and will be kept informed of the results of the formal reviews conducted by the Manager and Trustee.

Re-calculation of the Unit price for the purpose of dealings in Units will commence on the next valuation point following the ending of the suspension.

During any suspension, the Manager will permit a Unitholder to withdraw any redemption request provided that this withdrawal is in writing and is received before the period of suspension ends. Any redemption request not withdrawn will be dealt with on the first Dealing Day following the end of the suspension.

### **Winding up of the Scheme**

The Scheme will be wound up upon the happening of any of the events relevant to the Scheme set out in COLL which include, without limitation:

- i) the order declaring the Scheme to be an authorised unit trust scheme being revoked;
- ii) the passing of an extraordinary resolution winding up the Scheme (provided the FCA's prior consent to the resolution has been obtained by the Manager or Trustee);
- iii) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order, the FCA has agreed, inter alia, that, on the conclusion of the winding up of the Scheme, the FCA will agree to that request; and
- (iv) pursuant to a scheme of arrangement which is to result in the Scheme being left with no property.

### **Manner of winding up**

The procedure for winding up is as follows:

- i) Upon the effective date of any approved scheme of arrangement pursuant to COLL the Trustee will wind up the Scheme in accordance with the approved Scheme of arrangement.
- ii) In any other case the Trustee will, as soon as practicable after the Scheme falls to be wound up, sell the property of the Scheme. After paying out of the Scheme all liabilities of the winding up the Trustee will distribute the proceeds to the Unitholders and the Manager proportionate to their interests in the Scheme. The Manager can ask for any evidence they feel is necessary or appropriate to show an entitlement to Units and can withhold payment for those Units until it is provided.
- iii) Any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court. The Trustee has a right to receive from the money paid into court any expenses incurred by them in making that payment into court.
- iv) Where the Trustee and one or more Unitholders agree, the Trustee does not have to realise the property of the Scheme proportionate to the entitlement of that or those Unitholders. Instead the Trustee may distribute that part in the form of property. Before distributing that property the Trustee will make such adjustments or retain such provision as appears to the Trustee to be appropriate to ensuring that, a proportionate share of the liabilities and costs is borne by that or those Unitholders.
- v) When the winding up is complete, the Trustee shall notify the Financial Conduct Authority in writing of that fact. At the same time the Manager or Trustee shall request the Financial Conduct Authority to revoke the order of authorisation under section 256 of the Act (as appropriate).

## **10 CHARACTERISTICS OF UNITS IN THE SCHEME**

The Trust Deed authorises the issue of both income and accumulation Units. At the date of this Prospectus the Manager issues both these Unit types in respect of the Scheme.

Units are either income or accumulation. All Units represent one undivided share in the property of the Scheme.

An income Unit is a Unit in respect of which net income, if any, is to be distributed. An accumulation Unit is a Unit in respect of which net income if any, is accumulated and not distributed. Instead any income is automatically reinvested and retained in the property of the Scheme and is reflected in the price of a Unit.

## **11 TITLE TO UNITS**

Each Unitholder is entitled to participate in the property of the Scheme and the income thereof. A Unitholder's right in respect of the Scheme as represented by their Units is that of a beneficial interest under the trust.

Title to Units will be evidenced in a register ("the Register"). No certificates will be issued to Unitholders. A Unitholder's contract note will be evidence of title to their Units, although the Register will ultimately be conclusive evidence. The Register can be inspected by Unitholders at the offices of the Manager at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP.

The Registrar may charge a fee for issuing any document recording or amending an entry on the Register, otherwise than on the issue or sale of Units. Events such as the death of the Unitholder and registration of a grant of probate or letter of administration in respect of deceased's Unitholder's Units are examples of when this will apply.

## **12 VOTING RIGHTS**

A meeting of Unitholders duly convened and held in accordance with COLL shall be competent and by extraordinary resolution may approve any modification alteration or addition to the provisions of either the Trust Deed or the Prospectus which the Manager and the Trustee have agreed to be a fundamental change in accordance with COLL. This would include, without limitation, any proposal for a scheme of arrangement and certain changes to the Scheme's investment objective and/or investment policy.

At a meeting of Unitholders the quorum for the transaction of business is two Unitholders, present in person or by proxy. On a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Unitholder who is present in person or by proxy will have one vote for every Income Unit (if any are in issue) of which they are the holder and the same number of votes (including fractions of a vote) for every Accumulation Unit of which they are the holder as the number of undivided shares (including fractions) in the Scheme represented by one Accumulation Unit.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other holders and for this purpose seniority is determined by the order in which the names stand in the Register of Holders. On a poll, votes may be given either personally or by proxy. Although different rights do not attach to the different classes of Units if the Trustee is of the view that any extraordinary resolution is one in relation to which there is or might be a conflict of interest between the holders of Accumulation Units and Income Units (if any are in issue), separate meetings of those Unitholders shall be held.



The Unitholders may request the convening of a general meeting by requisition pursuant to and in accordance with COLL. Unitholders in general meeting may, amongst other things, pass a resolution to remove the Manager.

### **13 MANDATORY REDEMPTION OF UNITS**

If the Manager reasonably believes that any Units are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other Units are acquired or held in like circumstances) result in the Scheme incurring any liability to taxation including withholding tax or suffering any other adverse consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

It may give notice to the holder of such Units requiring them to transfer the Units to a person who is qualified or entitled to own them or to request the redemption of the Units by the Manager. If the holder does not either transfer the Units to a qualified person or establish to the Manager's satisfaction that they and any person on whose behalf they hold the Units are qualified and entitled to hold and own them, they will be deemed on the expiry of a thirty-day period to have requested their redemption.

Where the Manager decides to close a unit class in the Fund, the Manager may mandatorily redeem a Unitholder's investment. The Manager will provide Unitholders with no less than 30 days' notice prior to the redemption.

### **14 DETERMINATION AND DISTRIBUTION OF INCOME**

The Trust Deed permits grouping of Units for equalisation purposes. Group 1 Units are those purchased prior to the commencement of a particular distribution period and Group 2 Units are those purchased during a distribution period.

The distribution periods for the Scheme are detailed within the section of this document headed "SUMMARY OF INFORMATION RELATING TO THE SCHEME". Units purchased within these periods will be Group 2 Units. At the next distribution they become Group 1 Units.

Equalisation applies only to Group 2 Units. It is the average amount of income included in the purchase price of all Group 2 Units and is refunded to Unitholders of these Units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of Units for capital gains tax purposes.

The income available for distribution or accumulation in relation to the Scheme is determined in accordance with COLL. Broadly it comprises all sums deemed by the Scheme, after consultation with the Auditor, to be in the nature of income received or receivable for the account of the Scheme and attributable to the Scheme in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting the auditors in accordance with COLL, in relation to taxation and other matters.

Where Income units are available, payments will be made by bank automated credit system. Cheques will not be sent. Where a Unitholder's bank details are not known or are inaccurate, Accumulation units will be purchased, where available, otherwise any income from Income units will be reinvested.

If a distribution of income remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the capital of the Scheme.

### **15 OTHER CHARGES AND EXPENSES**

#### **Remuneration of the Trustee**

The Trustee is remunerated out of the property of the Scheme in respect of its services. The rate of the periodic fee is agreed between the Manager and the Trustee from time to time and the current sliding scale fee is as follows:

- 0.020% per annum of the first £200 million of the Scheme Property;
- 0.015% per annum of the next £300 million of the Scheme Property;
- 0.0075% per annum of the next £500 million of the Scheme Property;
- 0.0060% per annum of the next £1 billion of the Scheme Property;

- 0.0050% per annum of the balance over £2 billion.

This fee accrues over a 365-day year (or 366 days in a leap year). It is calculated in respect of monthly payment periods taking the average of the creation and cancellation valuations of the Scheme at the valuation point immediately prior to commencement of the payment period as the starting point for each calculation. The Trustee's fee is paid monthly.

In addition, the Trustee makes transaction charges and custody charges. These charges are of such amounts as may be agreed by the Manager and the Trustee. Transaction charges vary from country to country. Details of the ranges of charges based on geographic area are given below ("Transaction charge"). Custody charges vary according to geographic location and market value of the holdings (calculated in the same manner as for the Manager's initial charge). Similar details of the current ranges of charges of the most commonly used countries are set out below ("Custody charge").

### Ranges of charges

Item	Range
Transaction Charges	£3.50 to £22
Custody Charges	0.0025% to 0.07%

The Transaction charges and custody charges can be increased on 60 days' prior written notice to Unitholders in accordance with COLL.

### Expenses

The Trustee is entitled to be reimbursed out of the property of the Scheme for:

- a) expenses properly incurred in performing duties imposed on it; or
- b) exercising powers conferred on it, by COLL together with any VAT payable. The relevant duties may include, without limitation:
  - delivery of stock to the Trustee or Custodian;
  - custody of assets;
  - collection of income;
  - submission of tax returns;
  - handling tax claims;
  - preparation of the Trustee's annual report;
  - such other duties as the Trustee is required by Law to perform.

In addition the Trustee may be paid the following expenses or disbursements (plus VAT):

- i) all expenses of registration of assets in the name of the Trustee or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any assets; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice, of conducting legal proceedings; of communicating with holders, the Manager, the Registrar or other persons in respect of the Scheme, relating to any enquiry by the Trustee into the conduct of the Manager and any report to holders; or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- ii) all charges of nominees or agents in connection with any of the matters referred to at (i) above; and
- iii) any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by the Trustee.

If any person, at the request of the Trustee in accordance with COLL, provides services including but not limited to those of a custodian of property of the Scheme, the expenses and disbursements hereby authorised to be paid to the Trustee out of the property of the Scheme shall extend to the remuneration of such persons as approved by the Trustee and the Manager.

Certain other expenses are also permitted by COLL and by the Trust Deed to be paid out of the property of the Scheme. At present these comprise in relation to the Scheme:-

- i) Broker's commission (where permitted under the FCA Handbook), fiscal charges and other disbursements which are:
  - a) necessary to be incurred in effecting transactions for the Scheme, and
  - b) normally shown in contract notes, confirmation notes and difference accounts as appropriate.
- ii) Interest on any borrowings permitted under the Trust Deed and all charges incurred in negotiating, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements.
- iii) Taxation and duties payable in respect of the property of the Scheme, the Trust Deed or the issue of Units;
- iv) Any costs incurred in modifying the Trust Deed, constituting the Scheme, including costs incurred in respect of meetings of Unitholders convened for the purpose, where the modification is.
  - a) necessary to implement any change in the law (including changes in COLL),
  - b) necessary as a direct consequence of any change in the law (including changes in COLL), or
  - c) expedient having regard to any fiscal enactment and which the Managers and the Trustee agree is in the interests of the Unitholders, or
  - d) to remove from the Trust Deed constituting the Scheme obsolete provisions.
- v) Any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager.
- vi) The expenses of the Trustee in convening a meeting of Unitholders convened by the Trustee alone.
- vii) The audit fees of the auditor and any expenses of the auditor.
- viii) The fees of the Financial Conduct Authority under Schedule 1, Part III of the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Scheme are or may be marketed.
- ix) Any payment permitted by COLL in connection with liabilities on a transfer of assets.
- x) All fees charged by and any expenses and disbursements agreed for payment to the Registrar appointed under COLL including fees, expenses and disbursements relating to the establishment of any sub-register. The charge is a fixed annual amount together with an additional amount for each Unitholder on the Register at the beginning of the accounting period concerned plus VAT at the applicable rate. The current charge is a fixed annual amount of £200 together with an additional amount of £10.75 per Unitholder.

VAT on any fees, charges or expenses will be chargeable out of the property of the Scheme where applicable.

## **16 ISSUE AND REDEMPTION OF UNITS**

### **Dealing**

Units in the Scheme may only be bought or sold on any Thursday, excluding UK public and bank holidays or any day on which the London Stock Exchange is not open and excluding the last trading day before the 25th December or any day on which the Manager has notified the Trustee that it is not open for normal business or otherwise agreed between the Manager and the Trustee. Instructions accepted will be dealt with at the next valuation point following receipt of such instructions

Units may be bought and sold by written instructions to Investment Fund Services Limited, Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. The Manager may also, at its sole discretion, accept instructions by telephone on 0808 145 2501, email to [dealing@ifslfunds.com](mailto:dealing@ifslfunds.com), or by facsimile on 01204 533045 on such terms as it may specify.

### **Buying Units**

Units will be allocated at not more than the price applicable at the next valuation point following receipt of instructions.

Save where the Manager, in exceptional circumstances, agrees to a lower figure, the following minima, apply to the Units in the Scheme:

- i) the minimum value of Units which any one person may hold in a Scheme is £1,000;
- ii) the minimum value of Units which may be the subject of any subsequent purchase transaction is £500.

A contract note giving details of the transaction will be issued on the next business day following purchase. Settlement is due by return of post on receipt of the contract note. Unit certificates will not be issued. The contract note will be evidence of title although the Register would ultimately be conclusive evidence.

### **In specie application**

The Manager may, by special arrangement and at its discretion, agree to arrange for the issue of Units in exchange for assets other than cash but only if the Trustee is satisfied that acquisition of the assets in exchange for the Units to be issued is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders of the Scheme concerned.

### **Selling Units**

The Manager will normally buy back Units from registered holders free of commission, at not less than the true price applicable at the next valuation point following receipt of instructions. Instructions can be given by telephone or in writing.

A contract note will be issued to confirm the transaction. Payment of the amount due will be issued by the close of the fourth business day following the later of:

- a) the valuation point immediately after the request to redeem; or
- b) the time when the Manager has all duly executed instruments and authorisations to effect transfer of title to the Units (normally on receipt of a properly completed renunciation form from the Unitholder).

Provided the minimum number of Units will continue to be held after the sale has been completed:

- i) there is no minimum number of Units which may be the subject of one act of redemption;
- ii) there is no minimum value of Units which may be the subject of one act of redemption.

### **In specie redemption**

If a Unitholder requests the redemption of Units, the Manager may, if it considers the deal is substantial in relation to the total size of the Fund, arrange for the Fund to cancel the Units and transfer Scheme Property to the Unitholder instead of paying the price of the Units in cash, or, if required by the Unitholder, pay the net proceeds of sale of the relevant Scheme Property to the Unitholder.

A deal involving Units representing 5% or more in value of the Fund will normally be considered substantial. However, the Manager may at its discretion agree an in specie redemption with a Unitholder whose Units represent less than 5% in value of the Fund.

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

The Manager will select the property to be transferred (or sold) in consultation with the Trust's Trustee. The Manager must ensure that the property selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Unitholder than to continuing Unitholders.

### **Electronic Communication of Transfer / Renunciation of Title to Funds**

The Manager may accept instructions to transfer or renounce title to units by electronic communication in certain, limited circumstances following our prior agreement which will only be given on a case by case basis. In such circumstances the Manager will accept electronic communication only where the Manager can satisfy itself that the communication is from the unitholder and is genuine. The Manager does not intend, however, to accept electronic instructions as a matter of course and will require signed, hard copy instructions in accordance with the above.

## **17 VALUATION OF THE SCHEME**

The property of the Scheme will normally be valued at 12 noon on each business day that is a Thursday in order to calculate the prices at which Units can be created, cancelled, bought and sold. Business day has the same meaning as in the dealing section under the 'Issue and Redemption of Units' heading.

The Manager may carry out valuations at a time that is not a valuation point and must inform the Trustee if it does so.

Details of how the value of the property of the Scheme is determined in relation to each purpose for which such property must be valued is set out in Appendix C to this Prospectus.

## 18 PRICING BASIS

The Manager deals at a forward price; that is to say at the price ruling at the next valuation point.

Prices are calculated on a single basis in accordance with COLL. Units are single-priced, which means that, subject to any initial charge or redemption charge, the price of a Unit for both buying and selling purposes will be the same and determined by reference to a particular valuation point.

Each Unit represents a proportional share of the overall property attributable to the Scheme. Therefore, the value of a Unit is calculated in broad outline, by calculating the net value of property attributable to the Scheme, and dividing that value (or that part of that value attributed to Units of the class in question) by the number of Units (of the class in question) in issue. The assets comprising the property of the Scheme will be valued in accordance with COLL, on the terms as set out in Appendix C to this Prospectus.

## 19 PUBLICATION OF PRICES

All prices can be obtained from our website [www.ifslfunds.com](http://www.ifslfunds.com) or by calling the Manager free on 0808 145 2500. The Manager is not responsible for any errors in publication or non-publication.

## 20 DILUTION ADJUSTMENT

**What is 'dilution'?** Where the Scheme buys or sells underlying investments in response to a request for the issue or redemption of Units, it will generally incur a cost (diluting the value of the Scheme), made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the purchase or redemption price paid by or to the Unitholder and which is referred to as "dilution".

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

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

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

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

- (a) in the case of a "large deal" relative to the Scheme's size, where the potential cost to the Scheme justifies the application of an adjustment;
- (b) if the net effect of Unit issues and redemptions during the period between two valuation points represents a potential impact on ongoing Unitholders;
- (c) where the Scheme is in decline (i.e. is experiencing a net outflow of investment);
- (d) where there are inflows into the Scheme (i.e. is experiencing a net inflow of investment);
- (e) in any other case where the Manager believes that adjusting the Unit price is required to safeguard the interests of Unitholders.

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

**How will it affect Unitholders?** On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Scheme which may otherwise constrain the future growth of the Scheme. The Manager's dilution policy was introduced on 1<sup>st</sup> April 2019, therefore historic information on dilution adjustments made to Unit prices is not currently available and as a result the Manager is unable to accurately predict the likelihood of a dilution adjustment being applied, however the Manager anticipates this to be infrequent. Any dilution adjustment will be applied consistently and, in the usual course of business, automatically.

The Manager estimates dilution adjustments applicable to the redemption and purchase of units will be -0.3799% and 0.6872% respectively, based on the assets held in the Scheme and the market conditions at the 30<sup>th</sup> April 2024.

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

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

## **21 TAXATION OF THE SCHEME**

### **A. Income**

The Scheme is liable to corporation tax on its taxable income, less its expenses of management. Corporation tax will be payable for a financial year at a special rate applicable to authorised unit trusts (currently 20%). For corporation tax purposes, a financial year runs from 1 April to 31 March. Where an accounting period of the Scheme falls into two financial years for which different rates apply, there will be an apportionment of income between them for tax purposes.

Dividends from UK resident companies carry a tax credit and are therefore not chargeable to further tax within the Scheme and, consequently, do not form part of the Scheme's taxable income.

If, for an accounting period, management expenses exceed the Scheme's taxable income then the Scheme generates a tax loss for that period.

### **B. Chargeable gains**

The Scheme is exempt from corporation tax on its chargeable gains.

## **TAXATION OF THE UNITHOLDER**

### **A. Income**

The Scheme will make dividend distributions without deduction of income tax. The first £500 dividend income including of dividend distributions received by individual investors in any tax year is covered by the dividend allowance and is exempt from UK income tax. Amounts received in excess of this should be reported on the individual investor's UK Self Assessment Tax Return and individual investors liable to income tax at the basic rate will have an additional liability to income tax equal to 8.75% of the dividends to the extent that such sum, when treated as the top slice of their income, falls above the threshold for basic rate tax. Higher rate taxpayers will have a further liability to income tax equal to 33.75% of the dividends to the extent that such sum, when treated as the top slice of their income, falls above the threshold for higher rate tax. Additional rate taxpayers will have a further liability to income tax equal to 39.35% of the dividends to the extent that such sum, when treated as the top slice of their income, falls above the threshold for the additional rate of tax.

Dividend distributions will be made gross to unitholders who are not UK resident. Non resident unitholders who are individuals are not liable to UK income tax on the dividend distribution. Non-UK resident unitholders are recommended to seek professional advice as to the tax consequences of receiving a dividend distribution under the law of the jurisdiction of their residence.

Non resident trusts may be chargeable to UK income tax on distributions made by the Scheme and are recommended to seek professional advice.

Dividend distributions received by corporate unitholders chargeable to UK corporation tax will need to be streamed into 'franked' and 'unfranked' income according to the underlying gross income of the Scheme.

In broad terms, the portion treated as being 'franked' will be such proportion of the Scheme's total income (brought into account when determining the distribution for the period in question) which consists of dividend income received which is treated as exempt under Part 9A of CTA 2009. The 'franked' portion will be treated as exempt dividend income when received by a UK resident corporate unitholder (unless the unitholder is treated as a dealer in securities for tax purposes). The 'unfranked' portion will be treated as an annual payment from which income tax at a rate of 20% has been deducted. A UK resident corporate unitholder will, therefore, be liable to corporation tax at the rate applicable to that corporate unitholder but with credit for the income tax deducted. Such unitholders may, therefore, be liable to further tax or entitled to reclaim the deemed tax credit from HMRC. Any ability to claim repayment of the income tax credit will be limited to the corporate unitholder's share of the Scheme's liability to corporation tax for the distribution period in question.

### **B. Chargeable gains**

Capital gains made by individual Unitholders who are resident in the UK for tax purposes on the sale, disposal or as a result of any other chargeable event will be tax free if they fall within an individual's annual capital gains exemption. For the tax year 2024/2025, the first £3,000 of an individual's chargeable gains (that is after deduction of allowable losses) from all sources will, therefore, be exempt from capital gains tax. Subject to their personal circumstances, gains in excess of this amount are taxed at 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers.

Unitholders who are non UK resident will not normally be liable to UK tax on capital gains arising on a sale, disposal or other chargeable event unless the unitholding is connected with a trade carried on by the Unitholder through a UK branch or agency or certain anti-avoidance provisions relating to temporary non-UK residence apply.

Capital gains made by Unitholders liable to UK corporation tax will be taxable at the corporation tax rate applicable to that corporate Unitholder after taking account the availability of any historic indexation relief. Authorised investment funds are currently subject to a special rate of corporation tax of 20%.

THE ABOVE IS ONLY A SUMMARY OF THE RELEVANT TAX POSITION AND IS NOT EXHAUSTIVE. IT ASSUMES AN INDIVIDUAL i.e. NON-CORPORATE UNITHOLDER. IT DOES NOT TAKE ACCOUNT OF INDIVIDUAL CIRCUMSTANCES AND INDIVIDUALS MUST CONSULT THEIR OWN TAX ADVISERS IN CASES OF DOUBT.

### **STAMP DUTY RESERVE TAX**

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

**(i) Third party transfers of Units without reregistration**

Where a third party buys Units from a Unitholder and the transaction is not handled by the Manager (i.e. a third party purchase where only beneficial ownership of the Units change) then the principal SDRT charge on agreements to transfer for consideration will still apply at 0.5%.

**(ii) Non-pro rata in specie redemptions**

Non-pro rata in specie redemptions are subject to the principal SDRT charge at 0.5% on any chargeable securities acquired by the redeeming Unitholder.

### **INDIVIDUAL SAVINGS ACCOUNTS ("ISAs")**

At the date of publication of this Prospectus the Scheme satisfied the eligibility requirements to be qualifying investments for a stocks and shares component of an ISA.

## **22 MONEY LAUNDERING**

The Manager is subject to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 which implemented the EC Money Laundering Directive. The Manager is also subject to additional requirements imposed by the FCA which require all firms carrying on investment business to deter criminals from using the facilities for money laundering.

In certain circumstances Unitholders may be asked to provide some proof of identity when buying or selling Units. In the latter case the Managers cannot pay the proceeds of redemption or income from Units until satisfactory evidence has been received.

The Manager will, where possible, verify identity using information from credit reference agencies. Where this is not possible or where the Manager decides, at its own discretion, that it is appropriate further documentation will be requested.

## **23 OTHER INFORMATION**

1. Copies of the Trust Deed, any supplemental deeds, the Prospectus, the latest Key Investor Information Document and the most recent Manager's annual and half yearly long reports may be inspected at and obtained from the Manager at the address given above or at [www.ifslfunds.com](http://www.ifslfunds.com).
2. The Manager may from time to time communicate with Unitholders. All notices or documents required to be served on Unitholders shall be served by post to the address of such Unitholders as evidenced on the Register or electronically.
3. The Manager will upon the written request of a Unitholder provide information supplementary to this Prospectus relating to the methods used to determine the quantitative limits applying in the risk management of the Scheme, the methods used in relation to this, and any recent development of the risk and yields of the main categories of investment.

4. Any Unitholder wishing to make a complaint should contact the Manager in the first instance and thereafter may complain directly to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR.
5. For your security telephone calls may be recorded.
6. Subject to COLL, all profits and/or losses which the Manager makes in connection with the sale and repurchase of Units will be retained by the Manager.
7. Subject to COLL, the Manager is under no obligation to account to the Trustee or to the Unitholders (or any of them) for any profits made by the Manager on the issue of Units in the Scheme or on the re-issue or cancellation of Units previously redeemed by the Manager.
8. The Manager's voting policy (which sets out how and when voting rights attached to the Fund's investments are to be exercised), execution policy (which sets out the procedures to be followed when transactions are carried out on behalf of the Fund) and inducement policy (which sets out the types of payments, including fees, commissions and non-monetary benefits, which may be received or made by a third party in respect of the Fund (where permitted under the FCA Handbook)) are available on request from the Manager.
9. The Financial Services Compensation Scheme Limited has been established under the rules of the FCA as a "rescue fund" for certain clients of firms authorised and regulated by the FCA which have gone out of business. The Manager will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at [www.fscs.org.uk](http://www.fscs.org.uk) or by writing to the Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY.

## Data Protection

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

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

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



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

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

Your personal data may be processed outside the United Kingdom where it is necessary in order to provide the services to you. In each instance, the Manager will ensure that the transfer is in compliance with the requirements of applicable data protection law (such as the transfer being to a country approved as providing adequate protection; there being appropriate safeguards in place; or one of the derogations for specific situations applying to the transfer).

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

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

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

### **Fair Treatment of Investors**

The Manager seeks to ensure the fair and equitable treatment of Unitholders by complying with the Regulations, the Fund's Trust Deed and this Prospectus. The Manager employs a variety of management information to monitor both its own and its delegates' activities to ensure that the Funds perform in accordance with expectations and that Unitholders receive service and information of an acceptable standard.

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

## **24 RISK FACTORS**

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

### **General risk factors**

- 1) Past performance is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and you may not get back the amount originally invested. This may be due, for example, to market movement or variations in the exchange rates between currencies.
- 2) There is no certainty that a Fund's investment objective will be achieved.
- 3) If you have any doubts about the suitability of an investment, please contact your authorised financial adviser. Please note Investment Fund Services Limited does not provide investment advice.
- 4) The Fund will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events.
- 5) Where a Fund pays out income, the level of income payments may not be constant and may fluctuate.

- 6) For Funds where the annual management charge is to be taken from the income generated by the Fund and there is insufficient income within the Fund to meet that charge, the balance will be deducted from the Fund's capital and to that extent may erode or constrain capital growth.
- 7) For Funds where the annual management charge is to be taken from capital rather than income, either fully or partially, the future growth of these Funds may be constrained, or capital eroded, as a result.
- 8) Where Funds are subject to an initial charge, the charge is deducted from an investment at the outset and an equivalent rise in the value of the Units is required before the original investment can be recovered. The Funds should therefore be viewed as a long-term investment.
- 9) Funds typically have exposure to overseas markets, either directly or indirectly, and are therefore exposed to currency risk. As a result, the value of your investment can be affected by changes in exchange rates.
- 10) Inflation will affect the real value of your savings and investments, which may reduce the buying power of the money you have saved and your investments. i.e. £1 in the future may not be equivalent to £1 today.
- 11) The Fund's investments, be they held directly or indirectly, may be subject to liquidity constraints, which means that the investments may trade infrequently and in small volumes, or that a particular instrument is difficult to buy or sell. Investments which are normally liquid may also be subject to periods of disruption in difficult market conditions. As a result, changes in the value of investments may be unpredictable and, in certain circumstances, it may be difficult to sell an investment at the last market price quoted or at a value considered by the Investment Manager to be fair. This may lead to liquidity constraints on the Fund affected.
- 12) Where assets are held in custody, there may be a risk of loss resulting from the insolvency, negligence or fraudulent action of the custodian or sub-custodian.
- 13) A Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. The Fund may enter into transactions in over-the-counter markets which will expose them to the credit of its counterparties and their abilities to satisfy the terms of such contracts.
- 14) Where Funds have a relatively small number of holdings, this can make them more volatile than funds with greater diversification.
- 15) ISA Investments - The favourable tax treatment of ISAs may not be maintained indefinitely. If you are unsure of your tax position you should consult a tax adviser.
- 16) The summary of the UK tax treatment in section "Taxation" is based on current law and practice, as at the date of the prospectus, which is subject to change. It does not consider individual circumstances which may affect the UK tax treatment. In particular, the levels of relief from taxation may depend upon individual circumstances. Tax advantages associated with fund structures may be changed by future legislation as may those associated with the underlying investments and their domicile.
- 17) The Fund may incur Leverage, through borrowing cash up to 10% of the value of the Scheme Property, in which case a Fund's exposure may be increased by reinvesting such cash borrowings. If the interest costs associated with the borrowings are greater than any investment income and gains earned on investments made through the use of borrowing, the value of the Units in a Fund may decline more rapidly than would otherwise be the case.
- 18) The Fund may be subject to Leverage, through investment in derivatives, which may increase risk. Leverage means that the return or loss on an investment is subject to a multiplier increasing exposure to that investment and magnifying the volatility and risk of loss should the value of that investment decline. The use of Leverage creates special risks and may significantly increase a Fund's investment risk. Leverage may create an opportunity for greater yield and total return but, at the same time, will increase the exposure of a Fund to capital risk. The Funds may be subject to Leverage through the use of derivatives for hedging or for investment purposes. The Leverage limits are disclosed in the "Investment and Borrowing Powers" section.
- 19) The value of Funds may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, restrictions on foreign investment and other developments in the laws and regulations of countries in which investments may be made.
- 20) The operations of Funds can be subject to human error, faulty processes or governance, or technological failures. Operational risks may subject a Fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

- 21) Funds may be subject to management risk as they are actively managed investment funds. When managing a Fund and applying investment techniques and risk analyses, the Investment Manager's assessment of market or economic trends, their choice or design of any software models they use, their allocation of assets, or other decisions regarding how the Fund's assets will be invested cannot be guaranteed to ensure positive returns on investments.
- 22) In extreme market conditions redemptions in the Fund may be deferred or suspended, where Funds invest in other collective investment schemes, such as other funds and investment trusts, redemptions in these underlying funds may also be deferred or suspended, which may affect the liquidity of the Funds.
- 23) Cyber security risks may result in:
- financial losses to the Fund and the Unitholders;
  - the inability of a Fund to transact business with its Unitholders;
  - delays or mistakes in the calculation of the prices or to other materials provided to Unitholders;
  - the inability to process transactions with Unitholders or the parties;
  - violations of privacy and other laws;
  - regulatory fines, penalties and reputational damage; and
  - compliance and remediation costs, legal fees and other expenses. The Fund's service providers (including but not limited to the Manager and the Trustee and their agents), financial intermediaries, companies in which the Fund invest and parties with which the Fund engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Fund or the Unitholders.

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

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

## **Fund specific risk factors**

### **IFSL Hathaway Fund**

- (a) Whilst shares investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.
- (b) The Funds may be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions.
- (c) Investment in emerging markets may involve a higher than average risk due to the volatility of currency exchange rates, limited geographic focus, investment in a smaller number of issues, political and economic instability and less liquid markets.
- (d) Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. The value of a fixed interest security may fall in the event of a default or reduced credit rating of the issuer.
- (e) The Funds may invest in other collective investment schemes and as such a Fund will bear its portion of the expenses of the other collective investment scheme, including management, performance

and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

- (f) Where a Fund invests in other collective investment schemes, these underlying funds may suspend the issue, cancellation, sale, redemption and exchange of units/shares in those funds. This would prevent these underlying funds being sold during the period of the suspension and may have liquidity implications for the Fund.
- (g) Subject to COLL, the Funds may invest in unregulated collective investment schemes (including hedge funds). Investment in unregulated collective investment schemes carries additional risks as these Funds may not be under the regulation of a competent regulatory authority, may use leverage and may carry increased liquidity risk as units/shares in such Funds may not be readily realisable.
- (h) The Funds may invest in property funds. The value of investments held in a property fund are generally determined by the opinion of an independent valuer and is therefore subjective. Investment in such funds should be considered as long term in nature. Property investments can be relatively illiquid compared to bonds and equities and may be subject to significantly wider price spreads which could affect the valuation.
- (i) The Funds may invest in structured products in accordance with COLL. Structured products are designed to combine the potential upside of market performance with limited downside and typically are investments which are linked to the performance of one or more underlying instruments or assets such as market prices, rates, indices, securities, currencies and commodities and other financial instruments that may introduce risk that may affect the performance of the Funds.
- (j) The Funds may have exposure to commodity investments. Investors should bear in mind that commodity prices react, among other things, to economic factors such as changing supply and demand relationships, weather conditions and other natural events, the agricultural, trade, fiscal, monetary and other policies of governments and other unforeseeable events.
- (k) In certain circumstances, for investment or efficient portfolio management purposes, the Scheme may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets. **The Investment Manager does not anticipate that the use of derivatives in this way will have any significant effect on the risk profile of the Funds.**

**PERFORMANCE INFORMATION**

**IFSL Hathaway Fund (Accumulation Units)**

**1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2024, Bid to Bid, UK Basic Rate, Based in UK Sterling**

**Net Income Reinvested**

<b>Name</b>	<b>% Growth 01 Apr 19 to 31 Mar 20</b>	<b>% Growth 01 Apr 20 to 31 Mar 21</b>	<b>% Growth 01 Apr 21 to 31 Mar 22</b>	<b>% Growth 01 Apr 22 to 31 Mar 23</b>	<b>% Growth 01 Apr 23 to 31 Mar 24</b>
IFSL Hathaway Fund	-6.41	26.75	2.53	-7.65	6.81

Source: Morningstar

**The value of your units may go down as well as up. Past performance is not a guide to future performance.**

## **APPENDIX A: APPROVED SECURITIES AND DERIVATIVES TRANSACTIONS**

### **APPROVED SECURITIES**

An “approved security” is a transferable security which is:

1. Admitted to the official listing in an EEA country (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom); or
2. Traded on or under the rules of an eligible securities market (otherwise than by specific permission of the market authority).
3. An “eligible securities market” is:
  - a) A market established in an EEA country on which transferable securities admitted to the official listing in that country are dealt in or traded; or
  - b) One of the markets listed in Appendix B.

### **DERIVATIVES TRANSACTIONS**

Derivatives transactions may only be entered into for the purposes of hedging.

A “derivatives transaction” must be in an approved derivative; or, if the transaction takes place off exchange it must meet the requirements of COLL; or it may be a synthetic future that meets the requirements of COLL.

An “approved derivative” is a derivative which is traded or dealt in on an eligible derivatives market.

An “eligible derivatives” market is one which the Manager has agreed with the Trustee should be an eligible derivatives market. The eligible derivatives markets agreed between the Manager and the Trustee in respect of the Scheme are as set out in Appendix B.

**APPENDIX B: SCHEDULE OF ELIGIBLE SECURITIES AND DERIVATIVES MARKETS**

Set out below are the securities markets through which the Scheme may invest or deal in approved securities (subject to the investment objective and policy):

- (a) a "regulated market" as defined in COLL;
- (b) a securities market established in any EEA State (which as at the date of this Prospectus includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden) which is regulated, operates regularly and is open to the public; or
- (c) the principal or only market established under the rules of any of the following investment exchanges:

<b>Country</b>	<b>Market</b>
The United States	NYSE MKT NYSE NASDAQ Stock Exchange NYSE Arca NASDAQ OMX BX Chicago Stock Exchange
United Kingdom	London Stock Exchange The Alternative Investment Market of the London Stock Exchange (AIM)

Eligible Derivatives Markets

Set out below are the derivatives markets through which the Scheme may deal (subject to the Trust Deed, this Prospectus and COLL as it applies to UCITS Schemes):

<b>Country</b>	<b>Market</b>
UK	ICE Futures Europe
The United States of America	Chicago Board of Trade Chicago Board Options Exchange Chicago Mercantile Exchange NYSE Amex Options NASDAQ PHLX
Europe	Euronext Amsterdam

## **APPENDIX C: VALUATION OF THE PROPERTY OF THE SCHEME**

The value of the property of the Scheme shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1. All the property of the Scheme (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraph 3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (b) exchange-traded derivative contracts:
    - (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices;
  - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;
  - (d) any other investment:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable; and
  - (e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid market price.
3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
4. In determining the value of the Scheme Property, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by COLL or the Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.
5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.



8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
9. Deduct an estimated amount for any liabilities payable out of the property of the Scheme and any tax thereon treating periodic items as accruing from day to day.
10. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
12. Add any other credits or amounts due to be paid into the property of the Scheme.
13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
14. Currencies or values in currencies other than the base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of unit holders or potential unit holders.

## **APPENDIX D: FURTHER INFORMATION**

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

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

The directors of Investment Fund Services Limited are:

**Andrew Staley**

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

**Allan Hamer**

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

**Dom Clarke**

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

**Helen Redmond**

Also a director of IFSL Professional Services Limited.

**Sally Helston**

Also a director of Marlborough Partnership Limited.

**Katherine Damsell**

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

**Sarah Peaston**

Independent non-executive director – Also an independent non-executive director of Marlborough Select Platform Limited.

**APPENDIX E: LIST OF TRUSTEE DELEGATES**

Argentina	HSBC Bank Argentina S.A.
Australia	HSBC Bank Australia Limited
Austria	HSBC Continental Europe S.A., Germany
Bahrain	HSBC Bank Middle East Ltd, Bahrain
Bangladesh	The Hongkong and Shanghai Banking Corporation, Bangladesh
Belgium	BNP Euronext, Belgium
Belgium	Euroclear Bank S.A./N.V.
Benin	Societe Generale Cote d'Ivoire
Botswana	Standard Chartered Bank Botswana Ltd
Brazil	BNP Paribas Brasil S.A
Bulgaria	UniCredit Bulbank AD
Burkina Faso	Societe Generale Cote d'Ivoire
Canada	Royal Bank of Canada
Chile	Banco Santander Chile
China	HSBC Bank (China) Company Ltd
Colombia	Santander CACEIS Services Columbia S.A. Sociedad Fiduciara
Costa Rica	Banco Nacional De Costa Rica
Croatia	Privredna Banka Zagreb d.d
Cyprus	BNP Paribas S.A. Athens Branch
Czech Republic	Ceskoslovenska Obchodni Banka, AS
Denmark	Skandinaviska Enskilda Banken AB (publ), Copenhagen Branch
Egypt	HSBC Bank Egypt SAE
Estonia	AS SEB Pank
Finland	Skandinaviska Enskilda Banken AB (publ.), Heksinki Branch
France	CACEIS Bank France
Germany	HSBC Continental Europe S.A., Germany
Ghana	Stanbic Bank Ghana Ltd
Greece	BNP Paribas S.A. Athens Branch
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited, Hong Kong
Hungary	Unicredit Bank Hungary Zrt
Iceland	Landsbankinn h.f.
India	The Hongkong and Shanghai Banking Corporation Ltd, India
Indonesia	PT Bank, HSBC, Indonesia
Ireland	HSBC Bank Plc, UK
Israel	Bank Leumi Le-Israel BM
Italy	BNP Paribas S.A.
Ivory Coast	Societe Generale Cote d'Ivoire
Japan	The Hongkong and Shanghai Banking Corporation Limited, Japan
Jordan	Bank of Jordan
Kenya	Stanbic Bank Kenya Ltd
Kuwait	HSBC Bank Middle East Ltd, Kuwait Branch

Latvia	AS SEB Banka
Lithuania	AB SEB Bankas
Luxembourg	Clearstream Banking SA
Malaysia	HSBC Bank Malaysia Berhad
Mali	Societe Generale Cote d'Ivoire
Mauritius	The Hongkong and Shanghai Banking Corporation Limited, Mauritius
Mexico	HSBC Mexico, S.A.
Morocco	Citibank Maghreb S.A.
Netherlands	BNP Euronext
New Zealand	The Hongkong and Shanghai Banking Corporation Limited, New Zealand
Niger	Societe Generale Cote d'Ivoire
Nigeria	Stanbic IBTC Bank
Norway	Skandinaviska Enskilda Banken AB (publ), Oslofilialen
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Citibank NA
Palestine	Bank of Jordan Plc Palestine Branch
Peru	Citibank del Peru
Philippines	The Hongkong and Shanghai Banking Corporation Limited, Philippines
Poland	Bank Polska Kasa Opieki S.A.
Portugal	BNP Euronext
Qatar	HSBC Bank Middle East Ltd, Qatar Branch
Romania	Citibank Europe plc, Dublin Romania branch
Russia	AO Citibank Russia
Saudi Arabia	HSBC Saudi Arabia Limited
Senegal	Societe Generale Cote d'Ivoire
Serbia	UniCredit Bank Srbija A.D.
Singapore	The Hongkong and Shanghai Banking Corporation Ltd, Singapore
Slovakia	Ceskoslovenska Obchodna Banka AS
Slovenia	Unicredit Banka Slovenia DD
South Africa	Standard Bank of South Africa
South Korea	The Hongkong and Shanghai Banking Corporation Limited, Korea
Spain	BNP Paribas S.A.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka
Sweden	Skandinaviska Enskilda Banken AB (publ.)
Switzerland	Credit Suisse, Switzerland (Ltd)
Taiwan	HSBC Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Mauritius) Ltd, Tanzania
Thailand	The Hongkong and Shanghai Banking Corporation Ltd, Thailand
Togo	Societe Generale Cote d'Ivoire
Tunisia	Union Internationale de Banques Tunisia
Turkey	Turk Ekonomi Bankasi A.S.
Uganda	Standard Chartered (Uganda) Ltd

United Arab Emirates	HSBC Bank Middle East Ltd
United Kingdom	HSBC Bank Plc
United States	HSBC Bank (USA) NA
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Stanbic Bank Zambia Ltd - Lusaka
Zimbabwe	Standard Bank of South Africa Limited