TM CERNO INVESTMENT FUNDS

PROSPECTUS

This document is the Prospectus of TM CERNO INVESTMENT FUNDS (the "Company"). It is dated and valid as at 27 January 2017. This document replaces any previous prospectuses issued by the Company.

It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL), which forms part of the FCA Handbook of Rules and Guidance, and complies with the requirements of COLL 4.2.5R.

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

TABLE OF CONTENTS

Clause		Page No.
1	INTRODUCTION	4
2	THE COMPANY	10
3	INVESTMENT OBJECTIVES	12
4	INVESTMENT POLICY	12
5	INVESTOR PROFILE	12
6	REPORTING, DISTRIBUTIONS AND ACCOUNTING DATES	12
7	CHARACTERISTICS OF SHARES	13
8	DEALING IN SHARES	14
9	MEETINGS OF SHAREHOLDERS, VOTING RIGHTS AND SERVICE OF NOTICES	19
10	THE ACD	21
11	THE DEPOSITARY	22
12	THE REGISTRAR AND ADMINISTRATOR	24
13	INVESTMENT MANAGER	24
14	AUDITORS	25
15	CHARGES AND EXPENSES	25
16	VALUATION AND PRICING OF SCHEME PROPERTY	31
17	RISK FACTORS	34
18	TAXATION	39
19	GENERAL	44
APPENDIX A		47
APPENDIX B		51
APPENDIX C		63
APPENDIX D		67
APPENDIX E		68
APPENDIX F		67
APPENDIX G		71

TM CERNO INVESTMENT FUNDS

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000 (the "**Act**").

The ACD of the Company, Thesis Unit Trust Management Limited, (the "**ACD**") has taken all reasonable care to ensure that the information contained in this document is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything material to such information. The ACD accepts responsibility accordingly.

The Depositary is not a person responsible for the information contained in this Prospectus and, accordingly does not accept any responsibility for it under the COLL Sourcebook or otherwise.

The distribution of this Prospectus and supplementary documentation and the offering of shares may be restricted in certain countries. Any person wishing to apply for shares should inform themselves as to the requirements within his own country for transactions in shares, any applicable exchange control regulations and the tax consequences of any transaction in shares.

This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Funds in the United States or to US Persons may constitute a violation of US law. The Company has not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or for the account or benefit of any US Person except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.

Obligations have been imposed on financial sector professionals to prevent the use of funds such as the Company for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be

certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.

Neither the ACD nor any of its officers, representatives or advisers, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.

No part of this Prospectus may, be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the ACD.

Overseas transfers

The ACD may transfer your personal information to countries located outside the European Economic Area (the "**EEA**").

This may happen when the ACD's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances the ACD will take steps to ensure that your privacy rights are respected. Details relevant to you may be provided upon request.

Electronic Verification

The Money Laundering Regulations 2007, The Proceeds of Crime Act 2002, the FCA Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes. If you apply for shares you are giving the ACD permission to ask for this information in line with the Data Protection Act 1998. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.

TM CERNO INVESTMENT FUNDS PROSPECTUS

1. INTRODUCTION

1.1 This document is the Prospectus of the Company.

1.2 In this Prospectus the following words and expressions shall have the following meanings:

"ACD" the authorised corporate director holding office as such from time to time pursuant to the Rules and the ACD Agreement between the Company and the ACD, being Thesis Unit Trust Management Limited, and its successor or successors as authorised corporate director of the Company;

"Act" the Financial Services and Markets Act 2000 (as amended or re-enacted from time to time);

"Administrator" Northern Trust Global Services Limited, or such other entity as is appointed to act as administrator and fund accountant to the Company from time to time;

"Approved Bank" (in relation to a bank account opened by the Company):

(a) if the account is opened at a branch in the UK:

(i) the Bank of England; or

(ii) the central bank of a member state of the OECD; or

(iii) a bank; or

(iv) a building society; or

(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or

(b) if the account is opened elsewhere:

(i) a bank in (a); or

(ii) a credit institution established in an EEA State other than in the UK and duly authorised by the relevant Home State Regulator; or

(iii) a bank which is regulated in the Isle of Man or the Channel Islands; or

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

as such definition may be updated in the glossary of definitions in the FCA Handbook from time to time;

"Business Day" any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open for business in the City of London;

"CASS"	means the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook;
"Class" or **"Classes"**	in relation to Shares, means (according to the context) all of the Shares of a particular Fund or a particular class or classes of Share of a particular Fund;
"COLL"	the Collective Investment Schemes Sourcebook issued by the FCA, as amended or replaced from time to time;
"Depositary"	the person to whom is entrusted the safekeeping of all of the scheme property of the Company (other than certain scheme property designated by the FCA Rules), being National Westminster Bank Plc and its successor or successors as depositary;
"EEA State"	a member state of the European Union and any other state which is within the European Economic Area;
"Efficient Portfolio Management"	techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: they are economically appropriate in that they are realised in a cost effective way; they are entered into for one or more of the following specific aims: (a) reduction of risk (b) reduction of cost; (c) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL;
"ERISA Plan"	(i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan's investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans);
"FCA"	the Financial Conduct Authority or any successor body;
"FCA Handbook"	the FCA's Handbook of rules and guidance, as amended from time to time;
"FCA Rules"	the rules from time to time contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements;
"Financial Instruments"	as defined in the FCA Handbook;

"Fund" or **"Funds"**	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
"Instrument of Incorporation"	the instrument dated 19th August 2013 constituting the Company, as amended from time to time;
"Investment Manager"	an investment manager retained by the ACD pursuant to the FCA Rules, being Cerno Capital Partners LLP and its successor or successors as investment manager of the Company;
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 (S1 2001/1228), as amended or re-enacted from time to time;
"OTC"	over the counter;
"Register"	the register of shareholders of the Company;
"Registrar"	the person who maintains the Register, being Northern Trust Global Services Limited and its successor or successors as registrar;
"Rules"	the FCA Rules and any other regulations that may be made under section 262 of the Act and for the time being in force;
"Scheme Property"	the scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary;
"SDRT"	stamp duty reserve tax;
"Share" or **"Shares"**	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
"Shareholder"	a holder of registered Shares in the Company;
"UCITS Directive"	The European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS) (No. 2009/65/EC) as amended;
"United Kingdom" or **"UK"**	United Kingdom of Great Britain and Northern Ireland
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
"US Persons"	is a person as described in any of the following paragraphs: 1. With respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act. The Regulation S definition is set forth below. Even if you are not considered a US Person under Regulation S, you can still be considered a "US Person" within the meaning

of this Prospectus under Paragraphs 2, 3 and 4, below;

2. With respect to any person, any individual or entity that would be excluded from the definition of "Non-United States person" in Commodity Futures Trading Commission ("CFTC") Rule 4.7. The definition of "Non-United States person" is set forth below;

3. With respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under US income tax laws; or

4. With respect to persons other than individuals, (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the authority to control all substantial decisions of the trust and (iii) an estate which is subject to US tax on its worldwide income from all sources;

Regulation S definition of US Person

1. Pursuant to Regulation S of the 1933 Act, "US Person" means:

   (i) any natural person resident in the United States;

   (ii) any partnership or corporation organised or incorporated under the laws of the United States;

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

   (iv) any trust of which any trustee is a US person;

   (v) any agency or branch of a foreign entity located in the United States;

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

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

   (viii) any partnership or corporation if:

   (A) organised or incorporated under the laws of any non-US jurisdiction; and

   (B) formed by a US Person principally for the purpose of investing in securities not registered

under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts;

2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a “US Person”;

3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a “US Person” if:

   (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and

   (ii) the estate is governed by non-US law;

4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a "US Person" if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;

5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a “US Person”;

6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a “US Person” if:

   (i) the agency or branch operates for valid business reasons; and

   (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;

7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “US Persons”.

The ACD may amend the definition of "US Person" without notice to Shareholders as necessary in order best to reflect then-current applicable US law and regulation. Contact your sales representative for a list of persons or entities that are deemed to be "US Persons";

"Non-United States persons" definition

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered "Non-United States persons":

1. a natural person who is not a resident of the United States or an enclave of the US government, its agencies or instrumentalities;

2. a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;

3. an estate or trust, the income of which is not subject to US income tax regardless of source;

4. an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that shares/units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and

5. a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States;

"VAT" value added tax;

"1933 Act" the United States Securities Act of 1933 (as amended or re-enacted from time to time); and

"1940 Act" the United States Investment Company Act of 1940 (as amended or re-enacted from time to time).

1.3 Unless otherwise defined in paragraph 1.2 or elsewhere in this Prospectus, words or expressions defined in or for the purposes of the Act or the Rules shall bear the same meanings in this Prospectus.

2. THE COMPANY

2.1 The Company is an authorised investment company with variable capital for the purposes of the Act.

2.2 The Company is a UCITS scheme, being a category of authorised scheme for the purposes of COLL 1.2.1R.

2.3 The Company is structured as an umbrella scheme for the purposes of the OEIC Regulations. Each Fund would be a UCITS scheme if it had a separate authorisation order.

2.4 Provision exists for an unlimited number of Funds. At the date of this Prospectus, two Funds are available for investment, TM Cerno Select Fund and TM Cerno Pacific & Emerging Fund. Details of these Funds (and of other Funds which may be launched at a later date) are set out in Appendix A.

2.5 The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with investment objective and investment policy of that Fund.

2.6 The Company was authorised by the FCA pursuant to an authorisation order dated 19 August 2013 and was launched on 4 September 2013. The Company registration number is IC000984.

2.7 The base currency of the Company is pounds sterling.

2.8 The minimum share capital of the Company is £1 (one pound sterling) and the maximum share capital is £100,000,000,000 (one hundred billion pounds sterling).

2.9 The head office of the Company is at Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP. This is the address in the UK for service on the Company of notices or other documents required or authorised to be served on it.

2.10 The Funds of the Company are segregated portfolios of assets and, accordingly, the assets of each Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose. While the provisions of the Open-Ended Investment Companies Regulations 2001, as amended (the "OEIC Regulations") provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts (as defined in the glossary of terms in the FCA Handbook of Rules and Guidance), it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

2.11 The Company will continue until wound up in accordance with the Rules.

2.12 The Company may be wound up under chapter 7.3 of COLL or as an unregistered company under Part V of the Insolvency Act 1986. A Fund may only be terminated under COLL. The Company may not be wound up, or a Fund terminated, unless, and until effect may be given, under regulation 21 of the OEIC Regulations to proposals to (a) wind up the affairs of the Company, or (b) alter the Company's Instrument of Incorporation and Prospectus as required if a Fund is to be terminated and until a statement (solvency statement required under COLL 7.3.35 R) has been prepared, sent or delivered to the FCA, and received by the FCA prior to satisfaction of the conditions set out above.

2.13 Subject to the foregoing, the Company will be wound up, or a Fund terminated, under COLL:

2.13.1 if an extraordinary resolution of Shareholders of the Company or the relevant Fund, to that effect is passed; or

2.13.2 when the period (if any) fixed for the duration of the Company, or a Fund by the Instrument of Incorporation expires, or any event occurs for which the Instrument of Incorporation provides that the Company, or a Fund, is to be wound up, or terminated; or

2.13.3 on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company or termination of the relevant Fund; or

2.13.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company, or a Fund, ceasing to hold any Scheme Property; or

2.13.5 in the case of the Company that is an umbrella on the date on which all of its Funds fall within 2.13.4 or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

2.14 The winding up of the Company or a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or the relevant Fund to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company or the relevant Fund the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders.

2.15 Shareholders will be notified of any proposal to wind up the Company. On commencement of such winding up the Company will cease to issue and cancel Shares and transfers of such Shares shall cease to be registered.

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

2.17 The Company is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The ACD takes reasonable steps to ensure that each investment transaction carried out within the Company is suitable for the Company, having regard to the investment objective and policy of the Company. This Prospectus is intended to provide information to potential investors about the Company.

2.18 Historical performance data for the Company is set out in Appendix D.

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

2.20 *Marketing in another EEA State*

In connection with marketing Shares in EEA States to other than the UK, there are currently no special arrangements in place for:

2.20.1 paying in that EEA State amounts distributable to Shareholders resident in that EEA State;

2.20.2 redeeming in that EEA State the Shares of Shareholders resident in the EEA State;

2.20.3 inspecting and obtaining copies in that EEA State of the Instrument of Incorporation, this Prospectus and the annual and half-yearly long report; and

2.20.4 making public the price of Shares of each Class.

Accordingly, the provisions applicable to the marketing of the Shares in the Company in the UK would apply in these cases.

It is not intended that the Company will be marketed outside the UK.

3. INVESTMENT OBJECTIVES

The investment objective of the Fund is set out in Appendix A.

4. INVESTMENT POLICY

The investment policy of the Fund is set out in Appendix A.

5. INVESTOR PROFILE

The profile of a typical investor for whom the Fund is designed is set out in Appendix A.

6. REPORTING, DISTRIBUTIONS AND ACCOUNTING DATES

6.1 The accounting reference date, accounting periods and income allocation dates for the Fund are set out in Appendix A.

6.2 Income will be allocated for the Fund on the income allocation dates as set out in Appendix A.

6.3 Distributions of income for the Company are made on or before the annual income allocation date and on or before the interim income allocation date in each year.

6.4 Copies of the Company's annual reports will be published, and made available, to Shareholders within four months after the end of the annual accounting period and within two months after the end of the interim accounting period respectively, in each year. Copies of the half-yearly short reports for the Company will be sent to Shareholders within the same timescales.

6.5 Long reports will be published within four months after the end of the annual accounting period and within two months after the end of the interim accounting period respectively. Long reports will be made available free of charge on request to the ACD. These shall be available, without charge, for inspection by the public during normal working hours at the ACD's place of business set out in Appendix G.

6.6 **Payment of Distributions**

6.6.1 The income available for distribution is determined in accordance with COLL. It comprises all income received or receivable for the account of the Company 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 ACD considers appropriate, after consulting with the Company's auditors, in accordance with COLL, in relation to taxation and other matters.

6.6.2 Each holder of income Shares is entitled, on the interim income allocation date and the annual income allocation date, to the net income attributable to his holding.

6.6.3 Net income on accumulation Shares is not distributed but is accumulated, being automatically reinvested after the annual accounting reference date and half yearly accounting dates to increase the value of each Share.

6.6.4 The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

6.6.5 On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation, is either paid, reinvested or accumulated to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the Shareholder's nominated bank account. If a nominated bank account is not provided, a cheque will be sent out, within four Business Days, to the Shareholder's address as appearing in the Register. If the income allocation date is not a Business Day, payment will be made on the next Business Day.

6.6.6 Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the Company.

7. CHARACTERISTICS OF SHARES

7.1 The Company will issue income and accumulation Shares, and net and gross Shares of each Class.

7.2 Details of Share Classes currently in issue for the Fund are set out in Appendix A.

7.3 Income receivable in respect of income Shares is distributed to Shareholders, while that in respect of accumulation Shares is retained for investment in the Company, and correspondingly increases the value of the accumulation Shares.

7.4 In the case of net Shares, income is distributed or credited to capital (as the case may be) net of any tax deducted or accounted for by the Company.

7.5 In the case of gross Shares, income is distributed or credited to capital (as the case may be) without any tax being deducted or accounted for by the Company.

7.6 Where the Company has different Classes of Shares, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Company will be adjusted accordingly.

7.7 The price of the Shares is expressed in pounds sterling and the Shares themselves have no nominal value. The Company may in the future issue Shares denominated in currencies other than pounds sterling and the price of these Shares will then be expressed in the relevant currency. Details of such Shares will be set out in Appendix A.

7.8 The Company may issue hedged Shares in any class. Details of such Shares will be set out in Appendix A. Further details of hedging, and the risks that may attach to it, are set out in paragraph 17.18.

7.9 The rights attaching to the Shares may be expressed in two denominations and the proportion of a larger denomination Share represented by a smaller denomination share shall be one thousandth of the larger denomination Share.

7.10 No certificates are issued to Shareholders.

7.11 Title to shares is evidenced by the entry on the Register; Shareholders may but need not support an instruction to the ACD by enclosing the contract note or the most recent annual statement or copies of such documents.

7.12 Shares in the Company are not listed or dealt in on any investment exchange.

8. DEALING IN SHARES

8.1 Money laundering

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

For details of the procedure the ACD may adopt refer to the paragraph titled 'Electronic Verification' at the front of the Prospectus.

8.2 Buying Shares

8.2.1 The dealing office of the ACD is open from 9.00am until 5.00pm each Business Day during which the ACD may receive requests for the buying and selling of Shares.

8.2.2 The ACD's normal basis of dealing is at a forward price plus or minus any applicable dilution levy, which means that transactions will be effected at prices determined at the next following valuation point (the '**dealing date**').

8.2.3 Shares may be purchased by sending a completed application form or clear written instructions to the Administrator or by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375 or by electronic communication as set out in paragraph titled 'Electronic Communications'. The ACD has the right to establish facilities for recording telephone calls made or received on these telephone lines.

8.2.4 A contract note giving details of the Shares purchased will be issued no later than the next Business Day after the Business Day on which an application to purchase Shares is received and implemented by the ACD. Payment in full should be made not later than the fourth Business Day after the date of purchase, and the ACD reserves the right to require payment in advance.

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

8.2.6 The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the 4th Business Day following the valuation point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

8.2.7 Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a

cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

8.2.8 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register.

8.2.9 An annual statement made up to 5 April will be issued to Shareholders. This will detail the Shareholder's current holding, transactions during the year, and income paid. Interim statements are available on request.

8.2.10 The ACD reserves the right to reject, on reasonable grounds, any application for Shares in whole or in part, in which event, the ACD will return by post, any money sent, or the balance, for the purchase of Shares which are the subject of the application, at the risk of the applicant.

8.3 **Minimum Initial Subscription and Minimum Shareholding**

8.3.1 The minimum initial subscription for each Fund is set out in Appendix A. The only restriction on holdings is the value of the holding; there is no minimum number of Shares which any Shareholder need hold. The ACD reserves the right to reduce or waive minimum investment levels.

8.4 **Issues of Shares in exchange for in specie assets**

8.4.1 The ACD may arrange for the Company to issue Shares in exchange for assets other than cash but will only do so where the Depositary has taken reasonable care to determine that the Company's acquiring of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential shareholders.

8.4.2 The ACD will ensure that the beneficial interest in the assets is transferrable to the Company with effect from the issue of Shares.

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

8.5 **Redeeming Shares**

8.5.1 At any time during a dealing day when the ACD is willing to issue Shares it must also be prepared to redeem Shares. The ACD will buy back shares from registered holders at not less than the price determined at the next valuation point following receipt of redemption instructions less any dilution levy.

8.5.2 The ACD may refuse to redeem a certain number of Shares if the redemption will mean the Shareholder is left holding Shares with a value of less than the minimum initial subscription specified for the relevant Fund in Appendix A.

8.5.3 Requests to redeem Shares in the Company may be made to the ACD by telephone on the number stated above or by sending clear written instructions.

8.5.4 A contract note giving details of the number and price of the Shares sold back to the ACD will be sent to Shareholders no later than the next Business Day after the shares were sold. In the event that the ACD requires a signed Form of Renunciation, e.g. in

respect of joint holders, corporate holders or redemptions dealt through an agent, a Form of Renunciation will be attached.

8.5.5 When Shares are redeemed, a cheque will be sent out within four Business Days of the valuation point of the Company immediately following receipt by the ACD of the request to redeem Shares or the time when the ACD has received all duly executed instruments and authorisations as will vest to title in the ACD or enable it to arrange to do so, whichever is the later.

8.5.6 The ACD does not intend to make any charge other than possibly a dilution levy on the redemption of the Shares.

8.5.7 The ACD is not required to issue a cheque in respect of the redemption of Shares where it has not yet received the money due on the earlier issue of those Shares.

8.6 **Suspension of Dealing**

8.6.1 The ACD may if the Depositary agrees, or shall if the Depositary so requires, at any time, temporarily suspend the issue, cancellation, sale and redemption of Shares if the ACD or Depositary (in the case of any requirement by the Depositary), believes that due to exceptional circumstances it is in the interests of Shareholders or potential Shareholders. The ACD, or the Depositary, if it has required the ACD to suspend dealing, must immediately inform the FCA stating the reasons for the suspension and, as soon as practicable, give written confirmation of the suspension, and the reason for it, to the FCA.

8.6.2 The ACD must ensure that a notification of the suspension is made to the Shareholders as soon as practicable after the suspension commences, drawing Shareholders' attention to the exceptional circumstances resulting in the suspension. Notification to Shareholders must be clear, fair and not misleading. Shareholders will be kept informed in writing about updates on the suspension.

8.6.3 The ACD and Depositary must review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue for so long as it is justified having regard to the interest of the Shareholders.

8.6.4 The ACD must inform the FCA of the proposed re-start of dealing and, immediately after the re-start, must confirm in writing to the FCA.

8.6.5 The ACD may agree, during the suspension, to deal in Shares, in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first valuation point after restart of dealings in Shares.

8.6.6 Re-calculation of prices will commence on the Business Day immediately following the end of the suspension, at the relevant valuation point.

8.7 **The ACD's right to refuse applications**

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

8.7.2 The ACD may refuse to accept a new subscription in the Company or a switch from another Fund if, in the opinion of the ACD, it has reasonable grounds for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the Shareholder has been or intends to engage in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Shares generally to take advantage of variation in the price of Shares between the daily valuation points in the Company. Short term trading of this nature may often be detrimental to long term Shareholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

8.8 **Mandatory transfers and redemptions**

8.8.1 If it comes to the notice of the ACD that any Shares ("**affected shares**") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the holder or holders in question is/are not qualified and entitled to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with COLL. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the affected Shares pursuant to COLL.

8.8.2 A person who becomes aware that he has acquired or is holding affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his affected Shares to a person qualified to own them or give a request in writing to procure that such a request for the redemption or cancellation of all his affected Shares pursuant to COLL.

8.9 **In specie redemptions**

8.9.1 If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way advantageous or detrimental to the Fund, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder.

8.9.2 The ACD will select the property to be transferred in consultation with the Depositary. The Depositary must take reasonable care to ensure that the property transferred would not be likely to result in any material prejudice to the interests of Shareholders.

8.9.3 The ACD may retain out of the property to be transferred property or cash of a value equivalent to any stamp duty or stamp duty reserve tax to be paid to the redemption of the Shares.

8.10 **Switching**

8.10.1 A Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("Original Shares") for Shares of another Class or Fund ("New Shares"), subject to the restrictions defined in this prospectus. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the valuation point applicable at the time the Original Shares are redeemed and the New Shares are issued.

8.10.2 A request to switch may be made in writing to the dealing office of the ACD. The Shareholder will be required to provide written instructions to the Registrar or their client adviser, as appropriate (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before switching is effected. Switching forms may be obtained from the Registrar or the client's client adviser.

8.10.3 The ACD may at its discretion charge a fee on the switching of Shares between Funds although the ACD has no current plans to do so.

8.10.4 If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and made a charge on switching on such conversion) or refuse to effect any switch of the Original Shares. No switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the valuation point on a dealing day in the Fund or Funds concerned to be dealt with at the prices at the valuation point on that dealing day, or at such other date as may be approved by the ACD. Switching requests received after a valuation point will be held over until the next day that is a dealing day in the relevant Fund or Funds.

8.10.5 The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges in respect of the application for the New Shares or redemption or cancellation of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that a switch of shares in one Fund for shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to UK taxation, be a realisation for the purposes of capital gains taxation.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

8.11 **Large Deals**

For the purpose of Chapter 6 of COLL a large deal will be a deal in respect of Shares exceeding the sum of £500,000 in value.

8.12 **Electronic communications**

The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

8.12.1 prior agreement between the ACD and the person making the communication as to:

(a) the electronic media by which such communications may be delivered; and

(b) how such communications will be identified as conveying the necessary authority; and

8.12.2 assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

8.13 **Client Money Rules**

8.13.1 The FCA Handbook contains provisions (known as the "Client Money Rules") designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the purpose of settling a transaction in relation to units in a regulated collective investment scheme such as the Company, provided that:

(a) The ACD receives the money from a client in relation to the ACD's obligation to issue shares in the fund in accordance with COLL; or

(b) The money is held in the course of redeeming Shares, where the proceeds are paid to the client within the timeframe specified in COLL.

8.13.2 Where money is received in either of the circumstances set out in (a) or (b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.

8.13.3 In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of shares. Money received for the issue of shares is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the ACD on moneys credited to this account.

9. MEETINGS OF SHAREHOLDERS, VOTING RIGHTS AND SERVICE OF NOTICES OR DOCUMENTS

9.1 The Company will not hold annual general meetings. Resolutions will be voted upon at Extraordinary General Meetings.

9.2 Copies of the service contracts between the Company and the ACD will be provided to Shareholders on request.

9.3 A meeting of Shareholders duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.

9.4 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a class meeting, of Shareholders.

9.5 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast at a general meeting of the Shareholders.

9.6 A meeting of Shareholders has no powers other than those contemplated by the Rules.

9.7 Shareholders must receive at least 14 days-notice of any meeting of Shareholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy.

9.8 The quorum at a meeting of Shareholders shall be two Shareholders present in person or by proxy.

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

9.10 On a poll, every Shareholder who is present in person or by proxy shall have one vote for every Share in the Company. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

9.11 In the context of despatch of notice, "Shareholders" means the persons who were entered in the Register 7 days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

9.12 In the context of voting, "Shareholders" means the persons who were entered on the 7 days before the notice of meeting was given but excluding any persons who are known not to be entered on the Register at the date of the meeting.

9.13 The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of, or jointly with, a person who, if himself the sole registered Shareholder would be entitled to vote, and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if he had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.

9.14 Any notice or document to be served upon a Shareholder will be duly served if it is:

9.14.1 delivered to the Shareholder's address as appearing in the Register; or

9.14.2 delivered by using an electronic medium in accordance with paragraph 8.12.

9.15 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted.

9.16 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

9.17 Any document or notice to be served on or information to be given to a Shareholder, must be in legible form. For this purpose, any form is legible form which:

9.17.1 is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;

9.17.2 is capable of being provided in hard copy by the ACD;

9.17.3 enables the recipient to know or record the time of receipt; and

9.17.4 is reasonable in the context.

9.18 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:

9.18.1 changes the purpose or nature of the Company;

9.18.2 may materially prejudice a Shareholder;

9.18.3 alters the risk profile of the Company; or

9.18.4 introduces a new type of payment out of the Company property.

9.19 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

9.19.1 affects a Shareholder's ability to exercise his rights in relation to his investment;

9.19.2 would reasonably be expected to cause the Shareholder to reconsider his participation in the Company;

9.19.3 results in any increased payments out of the Company property to the ACD or an associate of the ACD; or

9.19.4 materially increase other types of payment out of the Company property.

9.20 The notice period must be of reasonable length, and must not be less than 60 days.

9.21 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Company.

10. THE ACD

10.1 The ACD (meaning the authorised fund manager for the purposes of COLL) is Thesis Unit Trust Management Limited, a private company limited by shares, incorporated in England and Wales under the Companies Act 1985. Thesis Unit Trust Management Limited was incorporated on 6 February 1998 with company number 3508646.

Registered and Head Office:	Exchange Building St Johns Street Chichester, West Sussex PO19 1UP
Telephone:	01243 531234
Share Capital	
Issued and paid up:	£1,440,000

10.2 The directors of the ACD are:

A. J. Edwards Non-Executive Chairman

S. R. Mugford	Finance Director
D.W. Tyerman	Chief Executive Officer
S. E. Noone	Client Service Director
A. H. Gilbert	Non-Executive Director

The above directors also hold directorships of other companies or are members of a limited liability partnership within the Thesis group, and are engaged in significant business activity within these companies. Such business activities may be of significance to the business of the Company.

10.3 The ultimate holding company of the ACD is Thesis Asset Management plc, a public limited company incorporated in England and Wales with number 1802101.

10.4 The voting ordinary shares of Thesis Asset Management plc are held by Thomas Eggar Trust Corporation Limited on behalf of certain current and retired members of Rhealisation LLP. Further non-voting ordinary shares are held by Rhealisation LLP and its subsidiary, Rhealisation Enterprises Limited.

10.5 The ACD is authorised and regulated by the FCA and is authorised to carry on certain permitted regulated activities in the UK in accordance with the Act. The address for the FCA is set out in Appendix G.

10.6 The ACD is the sole director of the Company and its duties and obligations are governed by the terms of the agreement dated 30 August 2013 between the Company and the ACD (the "ACD Agreement"). The ACD Agreement provides that the ACD manage and administer the Company in accordance with the Act and the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.

10.7 The ACD Agreement may be terminated by either party on not less than 90 days' written notice. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD other than the matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations.

10.8 The ACD may also act as an authorised unit trust manager or authorised corporate director to other funds and companies. As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds as set out in Appendix E.

10.9 The ACD has delegated the following functions to the parties listed below:

10.9.1 investment management to the Investment Manager;

10.9.2 registration to the Registrar; and

10.9.3 administration to the Administrator.

11. THE DEPOSITARY

11.1 The Depositary of the Company is National Westminster Bank Plc. The Depositary is a public limited company and was incorporated in England & Wales on 18 March 1968. Its registered and head office is at 135 Bishopsgate, London EC2M 3UR and its principal place of business is at Younger Building, 1st Floor, 3 Redheughs Avenue, Edinburgh EH12 9RH. The principal

business activity of National Westminster Bank plc is banking. The ultimate holding company of the Depositary is The Royal Bank of Scotland Group plc, which is incorporated in Scotland.

11.2 The Depositary is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority. It is authorised to carry on investment business in the UK by virtue of its authorisation and regulation by these regulators.

11.3 The Depositary's office concerned with matters relating to the Company is set out in Appendix G.

11.4 Terms of appointment

The Depositary was appointed under a Depositary Agreement dated 30 August 2013 between the Company, the ACD and the Depositary, as amended with effect from 18 March 2016 (the "**Depositary Agreement**").

Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

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

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

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

The Depositary Agreement provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on 90 days' notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

Other than to exercise the rights of lien/set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement, unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian shall be authorised by the Depositary to re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.

Details of the fees payable to the Depositary are given in 15.6.

11.5 Duties of the Depositary

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

11.6 Conflicts of Interest

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

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

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

11.7 Delegation of safekeeping functions

Under the Depositary Agreement, the Depositary has full power to delegate (and authorise its delegate to sub-delegate) the safekeeping of the Scheme Property. The Depositary has delegated safekeeping of the Scheme Property to the Northern Trust Company (the "Custodian"), whose contact details are set out in Appendix G.

In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is given in Appendix F. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

11.8 Updated Information

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

12. THE REGISTRAR AND ADMINISTRATOR

12.1 The ACD has delegated the following functions to Northern Trust Global Services Limited. The function of maintaining the shareholder's Register (as the 'Registrar') and certain administrative and fund accountancy services as administrator of the Company (the 'Administrator').

12.2 The address for Northern Trust Global Services Limited is set out in Appendix G.

12.3 The Register can be inspected at the Registrar's office at 50 Bank Street, Canary Wharf, London E14 5NT.

13. INVESTMENT MANAGER

13.1 The ACD is responsible for the overall investment management and administration of the Company. The ACD has delegated its day-to-day responsibility for investment management to the following Investment Manager of the Company:

Cerno Capital Partners LLP a limited liability partnership incorporated in England on 6 March 2007 with number OC326579. Its registered office and principal place of business is at the address set out in Appendix G.

Cerno Capital Partners LLP is authorised to carry on investment business in the UK by virtue of its authorisation and regulation by the FCA.

13.2 The appointment of the Investment Manager has been made under an agreement between the ACD and the Investment Manager. The Investment Manager has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD. The agreement between the ACD and the Investment Manager is terminable on three months' written notice by the ACD or the Investment Manager or forthwith on notice by the ACD.

13.3 The principal activity of the Investment Manager is acting as an investment manager and adviser. The Investment Manager is authorised to deal on behalf of the Company.

14. AUDITORS

The Auditors of the Company are Grant Thornton UK LLP. The address for the Auditors is set out in Appendix G.

15. CHARGES AND EXPENSES

15.1 ACD's preliminary charge

The ACD may receive, or waive in part or in whole, a preliminary charge upon the issue or sale of Shares. The current preliminary charge is set out in Appendix A in respect of all Classes of Shares. If not waived, the preliminary charge will be charged upon the issue or sale of Shares.

15.2 ACD's Periodic charge

The ACD receives a periodic charge (sometimes referred to as the 'annual management charge') for managing the Company at a rate per annum of the value of the property of the Fund accruing daily and payable out of the property of the Fund.

The current rate of the periodic charge for each Fund is set out in Appendix A in respect of all Classes of Shares.

15.2.1 Any increase of the initial or periodic charge may be made by the ACD only after giving 60 days' written notice to the Shareholders.

15.2.2 The periodic charge in respect of a Fund may, at the discretion of the ACD, be treated as an income charge or a charge against capital (or a combination of both) and will be paid monthly in arrears.

15.3 Dilution Levy

15.3.1 The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price. For example, due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals), this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect ('**dilution**'), the ACD has the power to charge a '**dilution levy**' on the sale and/or redemption of Shares.

15.3.2 The ACD currently intends to charge a dilution levy in respect of '**large deals**' (which, for these purposes are deals in respect of Shares exceeding the sum of £500,000 in value) and reserves the right to charge a dilution levy based on prevailing market conditions. If the ACD charges a dilution levy it will be calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes.

15.3.3 The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged where the Scheme Property is in continual decline or in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy. If a dilution levy is not charged in such circumstances, this may have an adverse effect on the future growth of the Scheme Property.

15.3.4 It is not possible to predict accurately whether dilution will occur at any point in time. A dilution levy will be charged on all deals with a value of £500,000 or more.

15.3.5 The amount of the dilution levy will not exceed 1% of the value of the transaction before the imposition of the levy. This figure is based on the ACD's projections of the likely impact of deals to which the dilution levy is applied on remaining Shareholders.

15.4 **Redemption Charge**

15.4.1 The ACD Agreement contains a provision for the ACD to make a redemption charge but at present, there are no plans to impose such a charge. The ACD must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the ACD:

(a) gave notice in writing of that introduction or change and of the date of its commencement, to the Depositary and to all the persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of Shares at regular intervals; and

(b) has revised the prospectus to reflect the introduction or change and the date of its commencement and has made the revised prospectus available.

15.5 **Charges on switching**

15.5.1 On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching.

15.5.2 The charge will not exceed an amount equal to the then prevailing preliminary charge for the new Shares. If a redemption charge is payable in respect of the original Shares, this may become payable instead of, or as well as, the then prevailing preliminary charge for the new Shares. The charge on switching is payable by the Shareholder to the ACD. An SDRT provision may also be levied on the redemption of the original Shares.

15.5.3 The ACD does not currently charge a switching fee.

15.6 **Depositary's Fees**

15.6.1 The Depositary is paid a monthly periodic fee (plus VAT) from the property of the each Fund in remuneration for its services.

15.6.2 The Depositary's fee is calculated on the value of the property of the relevant Fund in accordance with the Depositary Agreement and the FCA Rules, and payable out of the Fund in accordance with the FCA Rules. For this purpose, the value of the Fund is inclusive of the issues and cancellations which take effect as at the relevant valuation point.

15.6.3 The Depositary's fee shall accrue daily, and shall be calculated by reference to the value of the Fund at the first valuation point on the first Business Day and shall end immediately before the next valuation point in each month. The Depositary's fee is payable on, or as soon as practicable after, the end of the month in which it accrued.

The current fees payable are:

0.030% per annum	on the first £100,000,000 in value of the property of each Fund
0.0275% per annum	on the next £50,000,000 in value of the property of each Fund
0.025% per annum	on the next £50,000,000 in value of the property of each Fund
0.020% per annum	on the value thereafter

The annual fee is subject to a minimum fee of £7,500 per Fund and VAT at the standard rate is added to these fees

15.6.4 **Transaction and Custody Charges**

In addition to the above periodic fees, the Depositary shall also be entitled to be paid transaction charges and derivative and custody charges in relation to transaction and derivative transaction handling and safekeeping of scheme property as follows:

Item	Range/Fees
Transaction Charges	£7.50 to £180.00
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	Up to 0.9% of the value of the holding involved

There is a minimum custody charge of £7,500 per annum for each Fund.

15.6.5 These charges vary from country to country depending on the markets and the type of transaction involved.

15.6.6 Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the ACD and the Depositary. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

15.6.7 Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services,

holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Company and may purchase or sell or deal in the purchase or sale of scheme property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Handbook.

15.6.8 The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument of Incorporation, the FCA Handbook or by the general law.

15.6.9 On a winding up of the Company or the redemption of a class of Shares, the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

15.6.10 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

15.6.11 In each case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Handbook by the Depositary.

15.6.12 Global custody has been delegated by the Depositary to The Northern Trust Company.

15.7 **Administration and Registration Fees**

15.7.1 The administration of the Company will be carried by Northern Trust Global Services Limited, who also acts as Registrar to the Company.

15.7.2 The Administrator's registration fees will be paid out of the property of the relevant Fund, as will the disbursements listed in the Other Expenses section 15.9 below. The current registration fee is £10 per Shareholder per annum, £6 per Shareholder transaction effected through straight through processing and £19 per Shareholder transaction recorded manually, with a minimum aggregate charge of £2,000 per annum per Fund.

15.7.3 The charges and expenses associated with the setting up of such transactions will be paid out of the property of the relevant Fund. Any on-going charges and expenses reasonably and properly incurred in respect of the processing and implementation of electronic transfers for a Fund will also be payable out of the property of the relevant Fund.

15.7.4 The administration fees are set percentages applied to the value of each Fund's scheme property. Subject to a minimum fee of £25,000 per annum, the current administration fee is:

0.07% per annum	on the value of the Fund's scheme property up to £50,000,000
0.05% per annum	on the value of the Fund's scheme property above £50,000,000 up to £100,000,000
0.03% per annum	on the value of the Fund's property thereafter

These will be paid from the property of the relevant Fund.

15.8 **Investment Manager's Fee**

The Investment Manager will receive a fee for managing the Company at a rate per annum of the value of the property of the Fund accruing daily and payable out of the property of the Fund.

The current rate of the Investment Manager's fee, for each Fund, is set out in Appendix A in respect of all Classes of Shares.

15.9 **Other Expenses**

15.9.1 The following other expenses may be paid out of the scheme property of the Company:

(a) broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other costs or disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;

(b) expenses properly incurred by the ACD in the performance of its duties as ACD of the Company, including without limitation, the costs of preparation and distribution of reports, accounts, and any prospectuses, Key Investor Information Documents or equivalent documents (in the case of the Key Investor Information Documents only preparation and not distribution may be charged) and the Instrument of Incorporation, and any costs incurred as a result of changes to any prospectus, Key Investor Information Document or equivalent documents or the Instrument of Incorporation, periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Company or a Fund and the cost of monitoring any paying agent in any territory in respect of the Company or a Fund;

(c) all fees for the services of establishing and maintaining the Register and any associated incurred expenses whether they are provided by the ACD, its associates or any other person;

(d) any costs incurred in establishing or maintaining any services or facilities for electronic dealing in Shares;

(e) the cost of printing and distributing promotional material in respect of the Company and of any marketing activities undertaken by the ACD in relation to the Company provided such marketing activities have first been approved by the other directors of the Company (if any);

(f) the charges and expenses payable to the Depositary, any charge imposed by and incurred expenses of any agents appointed by the Depositary (other than the Custodian) to assist in the discharge of its duties, any charges and expenses properly incurred in connection with the collection and the distribution of income;

(g) any charges and expenses properly incurred in relation to the preparation of the Depositary's annual report to Shareholders and any charges and expenses incurred in relation to stock lending;

(h) any costs incurred by the Company in publishing the price of the Shares;

(i) any costs incurred in producing and despatching any payments made by the Company, or the periodic reports of the Company;

(j) any costs and expenses of the Administrator or Registrar incurred in the performance of their duties in relation to the Company or a Fund;

(k) Any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;

(l) any fees, expenses or disbursements of any legal or other professional adviser of the Company or of the ACD in relation to the Company;

(m) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;

(n) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;

(o) the cost of minute books and other documentation required to be maintained by the Company;

(p) any expenses properly incurred in relation to company secretarial duties for the Company;

(q) all fees and expenses incurred in relation to the addition and initial organisation of any funds in the Company, the listing of Shares on any stock exchange, any offer of Shares (including the preparation and printing of any prospectus) and the creation, conversion and cancellation of Shares;

(r) any expenses properly incurred in relation to any applicable platform charges;

(s) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in COLL;

(t) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

(u) taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares, including stamp or other duties or taxes in relation to the transfer to the Company of assets taken in exchange for the issue of Shares;

(v) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

(w) the fees of the FCA as prescribed in the FEES Manual of the FCA's Handbook of Rules and Guidance together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which shares in the Company are or may be marketed;

(x) any payments otherwise due by virtue of COLL; and

(y) any value added or similar tax relating to any charge or expense set out herein.

15.9.2 **Allocation of charges and expenses**

(a) The ACD and the Depositary have agreed that normally the fees payable from the Fund will be charged to income.

(b) Where fees and/or expenses are to be deducted in the first instance from income, if, and only if, this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT as described in paragraph 18).

It should be noted that, where fees are charged to capital, this policy may result in capital erosion or constrain capital growth in respect of a Fund.

(c) The ACD may allocate any assets or liabilities which:

(i) the Company receives or incurs on behalf of the Funds or in order to enable the operation of the Funds; and

(ii) are not attributable to any particular Fund,

between the Funds in a manner which it considers fair to Shareholders.

16. VALUATION AND PRICING OF SCHEME PROPERTY

16.1 The Company will be valued on a daily basis on each Business Day at 12 noon (the **'Valuation Point**') for the purpose of determining the price at which Shares in the Company may be purchased or redeemed.

16.2 There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point.

16.3 The Shares will be priced in pounds sterling.

16.4 Each Fund will be valued on a net asset value basis to determine the price of the Shares ('**NAV price**'). Except in circumstances where the application of a dilution levy applies shares will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Fund (see "**Charges and Expenses**").

16.5 The net asset value of the property of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions which are set out in the Instrument of Incorporation.

16.6 All the property of the Fund (including receivables) is to be included when valuing a Fund, subject to the following provisions:

16.6.1 property which is not cash (or other assets dealt with in paragraphs 16.6.2 and 16.6.3 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:

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

(c) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by a preliminary charge included therein and the selling price has been increased by an exit or redemption charge attributable thereto; or

(d) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

16.6.2 exchange-traded derivative contracts:

(a) If a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(b) If separate buying and selling prices are quoted, at the average of the two prices;

16.6.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

16.6.4 any other investment:

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

(b) if separate buying and selling prices are quoted, at the average of the two prices; or

(c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and

16.6.5 property other than that described in 16.6.1, 16.6.2, 16.6.3 and 16.6.4 above shall be valued at an amount which, in the opinion of the ACD, represents a fair and reasonable mid-market price;

16.6.6 cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;

16.6.7 in determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken;

16.6.8 subject to paragraphs 16.6.9 and 16.6.10 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount;

16.6.9 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 16.6.8;

16.6.10 all agreements are to be included under paragraph 16.6.8 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement;

16.6.11 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 Fund; on

realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and stamp duty reserve tax;

16.6.12 deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day.

16.6.13 deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;

16.6.14 add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;

16.6.15 add any other credits or amounts due to be paid into the Scheme Property;

16.6.16 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 the received; and

16.6.17 currencies or values in currencies other than base currency (as the case may be) the designated currency of the Company shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

16.7 **Pricing Basis**

The ACD currently elects to deal on a forward basis from the beginning of each Business Day until the Valuation Point.

16.8 **Publication of Prices**

16.8.1 The most recent prices will appear daily on the Financial Express website at www.fundlistings.com and can also be obtained by telephone on 01483 783900.

16.8.2 For reasons beyond the control of the ACD, these may not necessarily be the current prices.

16.8.3 The cancellation price last notified to the Depositary is available from the ACD upon request.

16.9 **Income Equalisation**

16.9.1 When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the net asset value of the Company.

16.9.2 The first allocation of income in respect of that Share refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Shares of the type in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.

Grouping for Equalisation

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting

period in an annual accounting period to the end of that annual accounting period) as specified in section 8 above. If there are no interim accounting periods the periods for grouping of shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

17. RISK FACTORS

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

17.1 General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Fund may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

17.2 Effect of Preliminary charge or Redemption Charge

Where a preliminary charge or redemption charge is imposed, an investor who realises his Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase.

Currently there is no redemption charge levied on Shares.

The Shares therefore should be viewed as long term investments.

17.3 Dilution

A Fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

17.4 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended.

17.5 Currency Exchange Rates

Currency fluctuations may adversely affect the value of investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

17.6 **Derivatives**

The Investment Manager may invest in derivatives as an asset class, and may employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"). Any use of derivatives shall be in accordance with the Guidelines on ETFs and other UCITS issues issued by the European Securities and Markets Authority. The related costs and fees may be deducted from the revenue delivered to the Fund, and may be paid to the third party intermediaries who are not related to the ACD or the Depositary.

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

Approved derivatives transactions may be for investment purposes or for the purpose of Efficient Portfolio Management (including hedging).

The use of derivatives for investment purposes may increase the risk profile of the Company, and this is taken into account in the ACD's risk management policy.

It is anticipated that the outcome of the use of derivatives for the purpose of Efficient Portfolio Management would be principally to hedge against currency risks and to reduce, rather than to increase, the risk profile of the Company.

17.7 **Credit and Fixed Interest Securities**

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. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

17.8 **Custody**

There may be a risk of a loss where the assets of a Fund are held by the custodian or sub-custodian that could result from the insolvency, negligence or fraudulent action of the custodian or sub-custodian.

The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Depositary or Custodian may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments be less than the aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes, however in the event of an irreconcilable shortfall, the affected clients would bear the risk of any shortfall on a pro-rata basis and the Company may not recover all of its Financial Instruments.

17.9 **Taxation**

Tax laws currently in place may change in the future which could affect the value of your

investments. See the section headed 'Taxation' for further details about taxation of the Funds.

17.10 **Inflation and Interest Rates**

The real value of any returns that an investor may receive from a Fund could be affected by interest rates and inflation over time.

17.11 **Counterparty and Settlement**

Each Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

17.12 **Counterparty risk in over-the-counter markets**

The Company on behalf of a Fund may enter into transactions in over-the-counter markets, which will expose the relevant Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Fund may enter into agreements or use other derivative techniques, each of which expose the relevant Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

17.13 **Liquidity risk**

Depending on the types of assets that the Fund invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

17.14 **Market risk**

The Fund will be diversified, however, the underlying investments of a Fund are subject to normal market fluctuations and to the risks inherent in investment in collective investment schemes.

17.15 **Emerging Markets**

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

Fraudulent Securities – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

Currency Fluctuations – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Sub-fund may occur following the investment of the Company in these currencies. These changes may impact the total return of the Sub-fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

Settlement and Custody Risks – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

Investment and Remittance Restrictions – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Sub-fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

Accounting – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

The Company can invest in such markets.

17.16 **Structured Products**

The Fund may invest in structured products in accordance with COLL. For the purposes of the FCA's rules, structured products may be regarded as either transferable securities, collective investment schemes or derivatives depending on the product in question. The common feature of these products is that they are designed to combine the potential upside of market performance with limited downside. Structured products 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 significant risk that may affect the performance of the Fund.

However, in addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Funds should assist with keeping the volatility levels of the Fund relatively low.

17.17 **Non-UCITS retail schemes**

Such funds can have wider investment and borrowing powers than UCITS schemes with higher investment limits in various areas. They can also invest to a greater extent in areas such as property and unregulated schemes and have the option to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

17.18 **Currency class hedging**

The ACD may in future undertake currency class hedging transactions with respect to certain classes of Shares, as identified in Appendix A.

This will be done with the aim of reducing the risk attached to these classes of Shares, by limiting the effect of movements in exchange rates on the value of the relevant hedged share classes. However, hedging transactions are inherently risky, and it is possible that, if a

transaction were to fail, this could cause other classes of share to bear some of the resulting loss. Notwithstanding this, the costs and gains of hedging transactions applicable to a hedged share class will normally be borne solely by the holders of Shares in that hedged share class.

Hedging will be effected by the Investment Manager, who will aim to hedge assets denominated in a different currency, back to the currency of the relevant hedged share class in order to attempt to remove currency risk for investors. The total return, rather than just the capital, will be hedged, and the Investment Manager will generally aim to hedge at least 95% of the total value of the hedged share class at any time. There can be no guarantee that even when the Investment Manager undertakes hedging on 100% of the total value of the hedged share class that this will be a perfect hedge, and remove currency risk for holders of the hedged share class.

The Investment Manager will review the hedging position on each day where there is a valuation point, and will adjust the hedge appropriately if there is a material change to the dealing volume.

While the Investment Manager's intention is to reduce risk and mitigate the likely effects of exchange rate fluctuations, this strategy may not be entirely successful in eliminating the effects of adverse changes in exchange rates.

On a liquidation of the Company, hedging instruments will be liquidated along with the other property of the Company (as described above) and will form part of the property out of which liabilities of the Company are settled.

17.19 **No Guarantee of Capital**

Investors should note that the Fund does not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

Investors should note that the investors' capital is, in fact, at risk and there is no guarantee that any particular returns will be achieved, whether over a stated time period, or any other time period.

It cannot be guaranteed that a specific investment period in which the Fund aims to achieve these returns, or these specific positive returns, will be achieved.

17.20 **Legal and Regulatory Risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles, such as the Company, are subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict but could be substantial and have adverse consequences on the rights and returns of Shareholders.

17.21 **Conflicts Policy**

Transactions may be effected in which the ACD has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Company. Where a conflict cannot be avoided, the ACD will have regard to its fiduciary responsibility to act in the best interests of the ACD and its investors. The ACD will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

17.22 **Exchange-Traded Funds**

17.23 Exchange Traded Funds, or ETFs, are usually open-ended collective investment schemes, the units of which track an index, a commodity or a basket of assets like an index, but are traded like

a stock on regulated markets and investment exchanges.

17.24 An investment by the Company in ETFs generally presents the same primary risks as an investment in a collective investment fund. The Company investing in ETFs are exposed not only to movements in the value of the underlying asset but also to the risk that the issuer or counterparty gets into financial problems. In addition, an ETF may be subject to the following risks:

(a) a discount of the ETF's shares to its net asset value;

(b) failure to develop an active or liquid trading market for the ETF's shares. The lack of a liquid secondary market, in particular, may make it very difficult for the Company to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;

(c) the listing / relevant exchange halting trading of the ETF's shares;

(d) failure of the ETF's shares to track the quoted reference index;

(e) the re-weighting of; and

(f) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which the Company may invest are leveraged and this can cause their prices to be more volatile and their value to fall below the value of the underlying asset. The more the Company invests in leveraged ETFs, the more this leverage will increase any losses on those investments.

ETFs may involve duplication of management fees and certain other expenses, as the Company indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an on-going charge figure or a total expense ratio, swap-based ETFs and currency hedged ETFs may have additional costs which are not included in these figures.

17.25 **Exchange Traded Notes**

Exchange Traded Notes, or ETNs, are a type of unsecured, unsubordinated debt security, the returns of which are based on the performance of a market index minus applicable fees, combining both the aspects of bonds and exchange traded funds and traded on a major exchange(s).

ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark of strategy remaining unchanged. The general credit market environment can also affect the creditworthiness of the issuer, causing the value of the ETN to fluctuate significantly. Changes in interest rate conditions can also affect the value of the ETN. Generally, if interest rates fall, the value of these investments rises. Conversely, if interest rates rise, their value falls.

The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in tracked assets, and economic, legal, political, or geographic events that affect the underlying asset that is tracked (or referenced) in the ETN.

Although most ETNs will quote an annual management charge ratio, this may not include all of the costs involved in running the investment and they do not always quote a total expense ratio figure.

18. TAXATION

The following summary is based on current UK law and HM Revenue & Customs practice. It is

intended to offer guidance to persons (other than dealers in securities) on the UK taxation of Investment Companies with Variable Capital ("ICVC"). However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Taxation of the Funds

Each Fund is treated as a separate Fund for tax purposes and an Authorised Investment Fund for tax purposes.

Each Fund will make dividend distributions except where over 60% of the Fund's property has been invested throughout the distribution period in interest paying and related investments, in which case it will make interest distributions. A Fund that makes interest distributions is referred to as a Bond Fund and a Fund that makes dividend distributions is referred to as an Equity Fund.

(A) Income

Each Fund is liable to corporation tax on its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax, currently 20%.

Where a Fund is a Bond Fund, the gross amount of any interest distributions is an allowable expense for corporation tax purposes and no tax will actually be paid on that part of the income.

Dividend income received by an Equity Fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. The foreign tax suffered by a Fund may normally be deducted from the UK tax due on that income or treated as an expense.

(B) Chargeable gains

Capital gains realised by each Fund on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that the Fund should be considered to be trading in securities for tax purposes, any gains made would be treated as income and taxed accordingly.

(C) Stamp Duty Reserve Tax

Stamp duty reserve tax ("SDRT") is generally charged on any agreements to transfer Shares of ICVCs (other than transactions handled by the fund manager) to third parties at a rate of 0.5% of the consideration.

No SDRT charge arises on the issue or surrender of Shares of ICVCs. However, investors may be subject to a SDRT charge where Shares in the Fund are surrendered and the investors receive assets from the Fund (rather than cash) which are not in proportion to the investor's share of the total assets held by the relevant Fund.

Taxation of Shareholders

(A) Income

For tax purposes, an ICVC is treated as distributing the whole of the income available for distribution in each of its distribution periods, whether actually distributed or accumulated by the Fund. Distributions may be made as interest distributions or dividend distributions as set out below.

The distribution accounts of the Company for any of its distribution periods may show income available for distribution as either (a) an interest distribution or (b) a dividend distribution. The type of distribution

that either actually takes or is deemed to take place depends on the source and composition of the income within the Fund.

Where more than 60% of a Fund is invested in “qualifying investments” (broadly speaking interest paying investments), distributions made by the Company in respect of that Fund will be interest distributions. Where this is not the case, the Company will make a dividend distribution.

All Shareholders will be sent tax vouchers stating the make-up of their distributions showing in each case their taxable income and applicable tax credits and in the case of a Bond Fund showing taxable income and tax withheld.

(B) Interest distributions

UK resident individuals

Interest distributions paid by the Company (save in respect of distributions to certain qualifying Shareholders) are treated as yearly interest and are received by Shareholders net of tax at the basic rate of 20%. The tax is deducted at source.

Non-taxpayers may re-claim the basic rate tax withheld from HM Revenue & Customs.

Individuals who are basic rate taxpayers will have no further liability to income tax from the distribution.

Higher rate and additional rate taxpayers will pay income tax on the grossed-up amount at the higher rate of 40% (or additional rate of 45% where the individual’s taxable income exceeds £150,000) but will be entitled to use the income tax withheld as a credit against their UK income tax liability.

UK corporate Shareholders

If a Fund at any point in an accounting period fails to satisfy the "qualifying investment" test, Shares held by UK corporate Shareholders in respect of such a Fund are treated as if they were a holding of rights under a creditor loan relationship of the corporate Shareholder, with the result that all returns on the Shares in respect of such a corporate's accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

A Fund will fail to satisfy the "qualifying investments" test at any time when more than 60 per cent of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

Interest distributions paid to corporate Shareholders may be paid without deduction of income tax at source.

(C) Dividend distributions

Dividend distributions paid by the Company are treated as if they are dividends and are paid with a 10% tax credit, equivalent to 10% of the aggregate of the distribution and the tax credit (i.e. one ninth of the amount distributed).

UK Resident Individuals

Dividend distributions are added to an individual's income and taxed at income tax rates.

The income tax liability of individuals within the basic rate of tax will be satisfied by the 10% tax credit and they will have no further liability.

Higher rate taxpayers will pay income tax at the dividend upper rate on the grossed-up amount at 32.5% (or the dividend additional rate of 37.5% where the individual's taxable income exceeds £150,000). This will be reduced by the tax credit resulting in an effective rate of 25% (or 30.6%) being charged on the distribution.

A UK resident individual who is not liable to income tax on dividends will not be able to reclaim the tax credit from HM Revenue & Customs.

The rules for taxing dividends for individuals are due to change with effect from April 2016. While full details of the proposed changes are not yet available, the changes involve the abolition of the 10% tax credit, a change in the rates at which dividends are taxed (7.5%, 32.5% and 38.1% for basic, higher and additional rate taxpayers respectfully) and a tax free annual allowance of £5,000.

UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the voucher. The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of UK corporate Shareholders although the dividend portion should fall within an exemption from corporation tax.

(D) Chargeable gains

UK resident individuals

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including a redemption of their Shares in the Company and from a switch of Funds. Gains will be tax-free if after deduction of allowable losses they fall within an individual's annual capital gains exemption. For the tax year 2015/2016, the annual exemption is £11,100.

Gains in excess of the annual exemption amount are taxed at 18% to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band (£31,785 for 2015/2016) and at 28% to the extent that they exceed that limit.

UK corporate Shareholders

UK corporate Shareholders (whose Shares are not treated as creditor loan relationships) will be charged to corporation tax on any gains realised after the deduction of allowable losses (if any). Indexation relief may be available in calculating any gains (but not losses) thereby allowing for any rise in inflation during the period of ownership by indexation.

The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are the absolute beneficial owners of a holding in the Company and their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities). Any investor who is in any doubt as to his UK tax position in relation to holding Shares in the Company should consult his UK

professional adviser.

US Taxation Issues

The information which follows is intended as a general guide only and represents the ACD's understanding of certain US taxation issues. It is provided for information purposes only and should not be relied on. Shareholders and prospective Shareholders are recommended to seek their own professional advice.

The provisions of the Foreign Account Tax Compliance Act were enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act (FATCA). It includes provisions under which the ACD as a Foreign Financial institution (FFI) may be required to report directly to the US Internal Revenue Service (IRS) certain information about Shares in a Fund held by US Persons for the purposes of FATCA or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30 per cent withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income made to a unit trust.

The ACD is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (IGA) Model I and under the terms of UK legislation implementing the IGA rather than under the US Treasury Regulations implementing FATCA. The ACD has registered with the IRS as the sponsoring entity for the Company to report certain information to HMRC.

In order to comply with its FATCA obligations, the ACD may be required to obtain certain information from Shareholders so as to ascertain their US tax status. If the Shareholder is a specified US Person, US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the ACD will need to report information on these Shareholders to HMRC, in accordance with applicable laws and regulations, which will in turn report this to the US Internal Revenue Service. Provided that the ACD acts in accordance with these provisions a Fund will not be subject to withholding tax under FATCA.

Shareholders, and intermediaries acting for Shareholders, should note that it is the existing policy of the ACD that Shares in a Fund are not being offered or sold for the account of US Persons for the purposes of FATCA and that subsequent transfers of Shares to such US Persons are prohibited. If Shares in a Fund are beneficially owned by any such US Person, the ACD may in its discretion compulsorily redeem such Shares. Shareholders should moreover note that under the FATCA legislation, the definition of "Specified US Persons" will include a wider range of investors than the current US Person definition.

The ACD reserves the right to redeem the Shares of any Shareholder who jeopardises the tax status of the Company.

(A) Income equalisation

The price of a Share of a particular Class is based on the value of that Class' entitlement in the relevant Fund, including the income of the relevant Fund since the previous distribution or, in the case of accumulation Shares, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Share, part of the amount, namely the equalisation payment, is treated as a return of capital and is not taxable as income in the hands of the Shareholder. This amount is, however, in the case of income Shares, deducted from the cost of the Share in computing any capital gains. Equalisation applies only to Shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Shares of the relevant Class issued during the period.

(B) UK information reporting regime

Open-ended investment companies are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with the "EU Savings Directive" below.

(C) Tax Elected Fund ("TEF") regime

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company to do so. The TEF regime was enacted under regulations which took effect on 1 September 2009. If the Company is elected into the TEF regime, the UK tax treatment of the Company and its investors would be different to that set out above.

(D) EU Savings Directive/Automatic Exchange of Information

Under EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "EU Savings Directive"), dividends and other distributions of income made by a Fund and payment of the proceeds of subscription and/or redemption of Shares, could (depending on the investment portfolio of the relevant Fund) be subject to the withholding tax and/or information providing regime imposed by the Directive, where payment was made to a Shareholder who was an individual resident in a member state of the European Union for the purposes of the Directive by a paying agent resident in another such member state. A withholding tax regime is being operated for a transitional period by Austria, although Shareholders can notify their paying agent to provide information about the payments to the Austrian tax authority rather than withhold tax. The rate of withholding tax in Austria is 35 per cent. Certain dependent and associated territories and "third countries" have, or are proposing to introduce, an equivalent withholding tax and/or information providing regime ("equivalent legislation") in respect of payments made through a paying agent established in such jurisdictions.

The terms of the EU Savings Directive applied to a fund established in the UK only if it was a collective investment fund which was a UCITS.

However, the EU Savings Directive was repealed from 1 January 2016, subject to ongoing requirements to fulfil administrative obligations (such as the reporting and exchange of information relating to, and accounting for tax withheld from, payments made before 1 January 2016). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on administrative co-operation in the field of taxation, as amended by Council Directive 2014/107/EU ("Directive on Administrative Co-operation"). The Directive on Administrative Co-operation, which effectively implements the Organisation for Economic Co-operation and Development's common reporting standard on automatic exchange of financial account information in tax matters, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. The Directive on Administrative Co-operation is, generally, broader in scope than the EU Savings Directive and is likely to apply to the Company regardless of the composition or class of its investments and whether or not the Company is a UCITS.

The ACD is responsible for identifying the territory in which an accountholder or a controlling person is resident for income tax or corporation tax purposes (or similar tax), applying due diligence procedures, keeping information for six years starting from the end of the year in which the arrangements applied to the account and for reporting to HMRC those accounts identified as reportable to a jurisdiction where an exchange of tax information requirement exists set out in the International Tax Compliance Regulations 2015, as amended from time to time. Such tasks have been delegated to the Administrator.

If a Shareholder does not provide the requisite information for tax reporting purposes, the ACD may deduct the amount of any penalty imposed on it from the Shareholder's account.

19. GENERAL

19.1 Documents of the Company

Copies of the Instrument of Incorporation, the Prospectus, the ACD Agreement, a summary description of the ACD's strategy for determining when and how voting rights attached to

ownership of scheme property or the instruments held by the Company are to be exercised and the most recent annual and half-yearly reports may be inspected at the head office of the ACD. The address for the ACD's head office is set out in Appendix G. Copies may be obtained free of charge upon application.

19.2 **Service of notices**

The address for service of notices or other documents required or authorised to be served on the Company is at its registered office located at Exchange Building, St Johns Street, Chichester, West Sussex PO19 1UP.

19.3 **Complaints**

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD. If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

A copy of the complaints handling procedure is available from the ACD on request.

19.4 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Exchange Building, St Johns Street, Chichester, West Sussex PO19 1UP. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

19.5 **Telephone Recordings**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

19.6 **Risk Management**

The ACD will provide upon the request of a Shareholder further information relating to:

19.6.1 the quantitative limits applying in the risk management of the Company;

19.6.2 the methods used in relation to 19.6.1; and

19.6.3 any recent development of the risk and yields of the main categories of investment.

19.7 **Indemnity**

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

19.8 **Remuneration**

The ACD has established and applies a remuneration policy, procedure and practice (together, the "Remuneration Policy") which is consistent with, and promotes, sound and effective risk management, and does not encourage risk-taking that is inconsistent with the risk profile or the Instrument of Incorporation. The Remuneration Policy applies to staff whose professional

activities have a material impact on the risk profile of the ACD or the Company. The Remuneration Policy does not impair compliance with the ACD's duty to act in the best interests of the Company. Details of the up-to-date Remuneration Policy are available on www.tutman.co.uk and a copy of such information can be obtained, free of charge, upon request at the offices of the ACD.

APPENDIX A

TM Cerno Select Fund

The Fund, and its investment objective and policy, is as follows:

Name:	TM Cerno Select Fund
Type of Sub-Fund:	UCITS scheme
Investment Objective and Policy:	The objective of the Fund is to achieve long term total return over a five year period. **The Fund aims to achieve a positive return, however, there is no guarantee that a positive return will be achieved over that, or any, time period**. **Investors should note that, notwithstanding that the objective is to achieve long term total return, capital is in fact at risk.** The assets in which the Fund may invest will be equities, fixed income investments, eligible alternatives and other transferable securities, money market instruments, deposits, cash and near cash investments and derivatives. Exposure to these asset classes may be gained through direct investment or indirectly through collective investment schemes, exchange traded funds and investment trusts. At times the Fund may hold a significant amount in cash. **Derivatives may be used for both investment purposes and Efficient Portfolio Management.**
Final accounting date:	31 December
Interim accounting date:	30 June
Income distribution dates:	30 April (annual) and 31 August (interim)
Shares Classes and type of Shares:	Class B Class C Shares in each class may be issued as net income or net accumulation Shares.
Preliminary charge:	5%
Redemption charge:	Nil
Switching charge:	Please refer to section 8.10

Annual management charge ("AMC"):

The AMC payable for each Class is calculated based on the net asset value ("NAV") of the Fund, as follows:

NAV of Fund	Less than or equal to £50M	Greater than £50M and less than £100M	Equal to or greater than £100M
% AMC	0.07	0.05*	0.03*

** the percentage is applied only in respect of the proportion of the net asset value of the Fund falling within the stated range.*

There is a minimum AMC of £15,000 per annum applicable to the Fund.

Investment Manager charge

Class B: 1.00%

Class C: 0.75%

Charges taken from income/capital

From income

Investment minima:[*]

Class B: £5,000

Class C: £10,000,000

Further investment

All classes: £1,000

Redemption

No minimum

Performance fee:

No

Investor profile:

The Fund is available for investment by any type of investor. The investor must be able to accept the risk of losses, thus the Fund may be appropriate for investors, particularly those seeking long term total return, who can afford to set aside capital for at least five years. It may also be appropriate for investors holding a well-diversified portfolio of investments, where it can play the role of a core position.

Past performance:

When available, past performance information will be set out in Appendix D.

Launched:

4 September 2013.

[*] The ACD may waive the minimum levels at its discretion.

TM Cerno Pacific and Emerging Fund

The Fund, and its investment objective and policy, is as follows:

Name:	TM Cerno Pacific and Emerging Fund
Type of Sub-Fund:	UCITS scheme
Investment Objective and Policy:	The investment objective of the Fund is to provide a rate of return above average for the Fund's sector which is the flexible investment sector, as designated by the Investment Association, taking into account the Fund's risk profile, with a focus on capital growth. The Fund will invest primarily in collective investment schemes in order to gain exposure to various asset classes and investment styles including equities, fixed income investments, eligible alternatives and other transferable securities, money market instruments, deposits, cash and near cash investments and derivatives across Asia Pacific and the Emerging Markets. The Fund may also invest directly in those asset classes, and may at times hold a significant amount in cash. **Derivatives may be used for both investment purposes and Efficient Portfolio Management.**
Final accounting date:	31 December
Interim accounting date:	30 June
Income distribution dates:	30 April (annual) and 31 August (interim)
Shares Classes and type of Shares:	Class A: GBP 1% Class B: GBP 0.75% Shares in each class may be issued as net income or net accumulation Shares.
Preliminary charge:	5%
Redemption charge:	Nil
Switching charge:	Please refer to section 8.10

Annual management charge ("AMC"):

The AMC payable for each Class is calculated based on the net asset value ("NAV") of the Fund, as follows:

NAV of Fund	Less than or equal to £50M	Greater than £50M and less than £100M	Equal to or greater than £100M
% AMC	0.07	0.05*	0.03*

** the percentage is applied only in respect of the proportion of the net asset value of the Fund falling within the stated range.*

There is a minimum AMC of £15,000 per annum applicable to the Fund.

Investment Manager charge

Class A GBP: 1.00%

Class B GBP: 0.75%

Charges taken from income/capital

From income

Investment minima:[*]

Class A GBP: £5,000

Class B GBP: £10,000,000

Further investment

All classes: £1,000

Redemption

No minimum

Performance fee:

No

Investor profile:

The Fund is available for investment by any type of investor. The investor must be able to accept the risk of losses, thus the Fund may be appropriate for investors, particularly those seeking long term total return, who can afford to set aside capital for at least five years. It may also be appropriate for investors holding a well-diversified portfolio of investments, where it can play the role of a core position.

Past performance:

When available, past performance information will be set out in Appendix D.

Launched:

27 January 2017

[*] The ACD may waive the minimum levels at its discretion.

APPENDIX B

Management and borrowing powers of the Company

1. **LIMITATIONS ON TYPE OF INVESTMENTS**

1.1 All the scheme property of the Funds must be invested in any or all of the following assets: transferable securities, money market instruments, warrants, derivatives, deposits and units in collective investment schemes (regulated).

1.2 Cash or near cash may be held for the pursuit of the Funds' respective investment objectives or redemption of shares or for the efficient management of the Company in accordance with its investment objectives or any other purpose reasonably regarded as ancillary to the investment objectives of the relevant Fund. From time to time a Fund may have a higher than usual level of liquidity if the ACD considers that to be in the interests of Shareholders. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased.

1.3 The investment objectives and policy set out in paragraphs 3 and 4 are subject to the limits on investment under the FCA Rules and as set out in this Prospectus. These limits are summarised below.

1.4 The Funds will not invest in immovable property or tangible movable property, including gold.

1.5 Investments permitted for the Funds are as follows:

1.5.1 **Approved securities**

The Scheme Property may be invested in approved securities. An approved security is a transferable security that is admitted to an official listing in an EEA State or is traded under the rules of an eligible securities market (otherwise than by specific permission of the market authority). An eligible market is a regulated market that is open to the public and regularly traded; further details are set out in sub-paragraph 1.5.10 below.

1.5.2 **Transferable securities**

Transferable securities are, in general terms, shares, debentures, alternative debentures, government and public securities, warrants or certificates representing certain securities. Not more than 10% in value of the scheme property can be invested in transferable securities which are not approved securities.

The Scheme Property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to foresee that the amount of any existing and potential call for any sum unpaid could be paid by the ACD at the time when payment is required, without contravening the requirements of the FCA Rules.

1.5.3 **Money market instruments**

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

A money-market instrument is regarded as normally dealt in on the money market if it:

(a) has a maturity as issuance of up to and including 397 days;

(b) has a residual maturity of up to and including 397 days;

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

(d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) and (b) or is subject to yield adjustments as set out in (c).

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

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

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

(b) based either on market data or on valuation models including systems based on amortised costs.

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

Except as set out below, approved money-market instruments held by the Funds must be admitted to, or dealt in an eligible market.

Not more than 10% in value of the Scheme Property is to consist of approved money-market instruments, which are not:

(a) listed on or normally dealt on an eligible market; or

(b) liquid and whose value can accurately be determined at any time, provided the money market instrument is:

(i) issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, 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

(ii) issued by a body, any securities of which are dealt on an eligible market; or

(iii) issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by European Union law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.

1.5.4 **Derivatives**

A transaction in derivatives or a forward transaction must not be effected for a Fund unless:

(a) the transaction is of a kind specified in COLL, as summarised below; and

(b) the transaction is covered, as required by COLL.

Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading "Spread" below, except for index based derivatives where the paragraph below applies.

Where a Fund invests in an index based derivative, provided the relevant index falls within the relevant requirements of COLL, the underlying constituents of the index do not have to be taken into account for the purposes of restrictions spread, subject to the manager taking account of COLL in relation to prudent spread of risk.

Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with these requirements.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives as described below.

A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of the Prospectus.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives.

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

No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

(a) the obligation to make the disposal and any other similar obligations could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

(b) the property and rights at (a) are owned the by Company at the time of the agreement.

This requirement does not apply to a deposit.

The transaction alone or in combination must be reasonably believed by the ACD to diminish a risk of a kind or level which it is sensible to reduce.

The ACD must ensure that the Scheme Property provides a prudent spread of risk.

Each derivative transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

A transaction in an OTC derivative must be:

(a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:

(i) an Eligible Institution or an Approved Bank; or

(ii) a person whose permission (including any requirements or limitations), as published in the FCA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

(b) the arrangements and procedures referred to in paragraph (c) must be:

(i) adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

(ii) adequately documented.

(c) on approved terms. The terms of the transaction in derivatives are approved only if the ACD:

(i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

(ii) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

(d) capable of reliable valuation: a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

(i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable;

(ii) or if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

(e) subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

(i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or

(ii) a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (c)(i) above, a “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs (a) to (e) above.

The following additional provisions apply:

(a) The ACD must:

(i) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of the Company to OTC derivatives; and

(ii) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

(b) Where the arrangements and procedures referred to in paragraph (a) involve the performance of certain activities by third parties, the ACD must comply with the requirements of SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6A4R (4) to (6) (due diligence requirements for AFMs of UCITS schemes);

(c) The Company may invest in derivatives and forward transactions as part of its investment policy provided:

(i) its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and

(ii) its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the 'Spread: Corporates and Other Collective Investment Schemes' paragraph below.

The ACD must calculate the global exposure of the Company on at least a daily basis.

For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

(d) The ACD must calculate the global exposure of the Company either as:

(i) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL 5.2.19(R)(3A), which may not exceed 100% of the net value of the Scheme Property of the Company by way of the commitment approach; or

(ii) the market risk of the scheme property of the Company by way of the value at risk approach.

The ACD must ensure that the method selected above is appropriate, taking into account:

(iii) the investment strategy pursued by the Company;

(iv) the types and complexities of the derivatives and forward transactions used; and

(v) the proportion of the scheme property comprising derivatives and forward transactions.

Where the Company employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

(e) Where the ACD uses the commitment approach for the calculation of global exposure, it must:

(i) ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19(R)(3A), whether used as part of the Company's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and

(ii) convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Company, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company need not form part of the global exposure calculation.

Approved derivatives transactions may be for investment purposes or for the purpose of Efficient Portfolio Management (including hedging).

The use of derivatives for investment purposes may increase the risk profile of the Company, and this is taken into account in the ACD's risk management policy.

It is anticipated that the outcome of the use of derivatives for the purpose of Efficient Portfolio Management would be principally to hedge against currency risks and to reduce, rather than to increase, the risk profile of the Company.

1.5.5 **Deposits**

A Fund may invest in deposits only with an approved bank with a rating of not less than A with Standard and Poor's and which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.

1.5.6 **Collective investment schemes**

Up to 100% of the value of the Scheme Property of a Fund may be invested in units in other collective investment schemes. A Fund may invest up to 20% of its scheme property in units in a regulated collective investment scheme (the '**second scheme'**) provided that the second scheme satisfies all of the following conditions:

(a)

(i) it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS directive; or

(ii) it is a scheme recognised under section 272 of the Financial Services and Markets Act 2000; or

(iii) it is authorised as a non-UCITS retail scheme (provided that requirements of article 50(1)(e) of the UCITS Directive are met); or

(iv) it is authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

(v) it is authorised by the competent authority of an OECD member country (other than another EEA State) which has:

A. signed the IOSCO Multilateral Memorandum of Understanding; and

B. approved the scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met);

(b) it complies, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);

(c) it has terms which prohibit more than 10% in value of the second scheme consisting of units in collective investment schemes; and

(d) where the second scheme is an umbrella, the provisions in paragraphs (b)and (c)**Error! Reference source not found.** above and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.

In addition to the conditions set out above, not more than 30% of the value of a Fund will be invested in second schemes within paragraphs (a) (ii) to (v) above.

Subject to the restrictions above, investment may be made in other collective investment schemes managed by the ACD or an associate of the ACD, provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.

Where a substantial proportion of the Company's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the Company and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT (if applicable) based on the charges applicable to the Ordinary share class. It is envisaged that charges at this level would only be incurred in exceptional cases.

1.5.7 **Warrants**

A Fund may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below. It is not anticipated that extensive use will be made of warrants, and in any event no more than 15% of the value of the Scheme Property of a Fund will be invested in them.

A warrant is a time-limited right (but not an obligation) to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities.

A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.

1.5.8 **Spread; Counterparty Risk and Issuer Concentration**

With the exception of government and public securities (see paragraph 1.5.9 below) the specific limits are set out as follows:

(a) not more than 20% in value of the Scheme Property of a Fund is to consist of deposits with a single body;

(b) Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property of a Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security;

(c) The limit of 5% is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds provided that when the Funds invest more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property of a Fund;

(d) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank (as defined in the FCA Handbook);

(e) Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group;

(f) not more than 20% in value of the Scheme Property is to consist of the units of any one collective instrument scheme.

(g) In applying the limit under paragraph (b) above, certificates representing certain securities are to be treated as equivalent to the underlying securities.

(h) The COLL Sourcebook provides that in applying the limits in paragraphs (a), (b) and (d) above and subject to paragraph (c) above, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

(i) transferable securities (including covered bonds) or approved money-market instruments issued by; or

(ii) deposits made with; or

(iii) exposures from OTC derivatives transactions made with a single body.

(i) the ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs (d), and (h) above;

(j) when calculating the exposure of the Company to a counterparty in accordance with the limits set out in paragraph (d), the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty;

(k) the ACD may net the OTC derivative positions for the Company with the same counterparty, provided:

(i) it is able, legally, to enforce netting arrangements with the counterparty on behalf of the Company; and

(ii) the netting agreements referred to above do not apply to any other exposures the Company may have with that same counterparty.

(l) the ACD may reduce the exposure of the scheme property to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation;

(m) the ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits set out in paragraph (d) when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the Company;

(n) collateral passed in accordance with paragraph (n) may be taken into account on a net basis only if the ACD is able, legally, to enforce netting arrangements with this counterparty on behalf of the Company;

(o) the ACD must calculate the issuer concentration limits referred to in the paragraphs above on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach; and

(p) in relation to exposures arising from OTC derivative transactions, as referred to paragraphs (g), (h) and (i) the ACD must include in the calculation any counterparty risk relating to the OTC derivatives transactions.

1.5.9 **Spread: Government and Public Securities**

Where no more than 35% in value of the scheme property is invested in government and public securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

A Fund may invest more than 35% in value of the Scheme Property in government and public securities issued by any one body, provided that:

(a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;

(b) no more than 30% in value of the scheme property consists of such securities of any one issue; and

(c) the scheme property includes such securities issued by that or another issuer, of at least six different issues.

In relation to government and public securities, subject to the limitations set out in the FCA Rules, more than 35% in value of the scheme property may be invested in government and public securities issued by:

(a) **the Government of the United Kingdom;**

(b) **the Government of Canada; and**

(c) **the Government of the United States of America.**

Fixed interest securities such as government bonds, are particularly sensitive to changes in interest rates and inflation. Further, the value of a fixed interest security will fall in the event of the default or reduced credit rating of the bond issuer.

1.5.10 **Eligible markets**

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FCA Rules.

Eligible markets include any market established in a member state of the European Economic Area ("member state") on which transferable securities and money market instruments admitted to official listing in the member state are dealt in or traded.

In the case of all other markets, in order to qualify as an eligible market, the ACD after consultation with the Depositary, must be satisfied that the relevant market:

(a) is regulated;

(b) operates regularly;

(c) is recognised;

(d) is open to the public;

(e) is adequately liquid; and

(f) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

The eligible securities markets for the Company are set out in Appendix B to this Prospectus.

Eligible derivatives markets are markets which the ACD, after consultation with and notification to the Depositary, has decided are appropriate for the purpose of investment of or dealing in the scheme property with regard to the relevant criteria set out in the FCA Rules and the guidance on eligible markets issued by the FCA (as amended from time to time).

The eligible derivatives markets for the Company are set out in Appendix B to this Prospectus.

1.5.11 **General**

The Company 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.

The restrictions on investment set out above are tighter than those imposed by the FCA Rules in the following respects:

(a) for the purposes of paragraph 1.5.5, the FCA Rules do not require a certain rating for an approved bank.

2. BORROWING

The Depositary may, in accordance with the FCA Rules and with the instructions of the ACD, borrow sums of money for the use of the Company on terms that the borrowing is repayable out of the scheme property.

Such borrowings must be made from eligible institutions and the period of the borrowings must not exceed three months without the prior consent of the Depositary. Borrowings must not exceed 10 per cent of the value of the scheme property.

Borrowing may be made from the Depositary or an associate of it at a normal commercial interest rate.

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

3. EFFICIENT PORTFOLIO MANAGEMENT

3.1 The ACD may utilise the property of the Company to enter into transactions for the purpose of Efficient Portfolio Management. These are techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

3.1.1 The transactions must be **economically appropriate** in that they are realised in a cost effective way.

3.1.2 The transactions must be entered into for one or more of the following specific aims, namely:

(a) The reduction of risk;

(b) The reduction of cost; or

(c) The generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

3.1.3 The first aim allows for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.

3.1.4 Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying scheme property away from a currency which the ACD considers to be unduly prone to risk.

3.2 Economically appropriate

3.2.1 The guidelines adopted by the ACD, under which the Company will operate are:

(a) Any transaction must be one which (alone or in combination with one or more of others) is reasonably believed by the Company to be economically appropriate to the Efficient Portfolio Management of the Company.

3.2.2 This means that the ACD reasonably believes that:

(a) For transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and

(b) For transactions undertaken to generate additional capital or income, the scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;

(c) The transaction may not be entered into if its purpose could reasonably be regarded as speculative.

(d) Where the transaction relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within a reasonable time.

Efficient Portfolio Management techniques may be utilised by the Company when considered appropriate.

APPENDIX C

Eligible markets

The Company may deal on the securities and derivatives markets listed below.

The eligible markets on which the investments of the Company may be dealt in or traded will be those established in a EEA State on which transferable securities and money market instruments admitted to official listing in the EEA States are dealt in or traded and which are regulated, operate regularly and are open to the public, along with the following:

Eligible Securities Markets

United Kingdom	The Alternative Investment Market of the London Stock Exchange (AIM)
Any other EEA State	All eligible markets
Australia	Australian Securities Exchange (ASX)
Austria	Vienna Stock Exchange
Brazil	BM&F BOVESPA
Canada	Toronto Stock Exchange
	TSX Venture Exchange
	Montreal Exchange
Channel Islands	Channel Islands Stock Exchange
China	Shanghai Stock Exchange
Croatia	Zagreb Stock Exchange
Germany	Eurex Deutschland
	Frankfurt Stock Exchange
Hong Kong	Hong Kong Stock Exchange
India	National Stock Exchange of India Ltd
	Bombay Stock Exchange
Indonesia	Indonesia Stock Exchange (IDX)
Israel	Tel Aviv Stock Exchange
Italy	Borsa Italiana

Japan	Tokyo Stock Exchange
	Osaka Securities Exchange
	Nagoya Stock Exchange
	JASDAQ Securities Exchange (Hercules Exchange)
	Tokyo Financial Exchange Inc
Jordan	Amman Stock Exchange
Korea	Korea Composite Stock Price Index (KOSPI) (previously KRX)
	Korea Exchange (KRX)
Malaysia	Bursa Malaysia Securities Berhad
Mexico	Bolsa Mexicana de Valores (BMV)
New Zealand	New Zealand Stock Exchange (NZX)
Norway	Oslo Bors
Philippines	Philippine Stock Exchange
Russia	MICEX-RTS (Moscow Exchange)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Securities Exchange
Spain	MEFF Renta Variable
	Spanish Exchanges BME
Sweden	NASDAQ OMX Stockholm AB
Switzerland	SIX Swiss Exchange AG
Taiwan	Taiwan Stock Exchange
	Taipei Exchange
Thailand	Stock Exchange of Thailand (SET)
Turkey	Borsa Istanbul
United Arab Emirates	NASDAQ Dubai

USA	1.	NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc);
	2.	any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the NYSE Euronext, and the stock exchanges of Chicago, NYSC Arca Equities and NASDAQ OMX PHLX;
	3.	the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer;
	4.	the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.

Eligible Derivatives Markets

For the purpose of COLL, the ACD, after consultation with the Depositary, has decided that the following exchanges are eligible derivatives markets in the context of the investment policy of the scheme:

Australia	Sydney Futures Exchange (Part of the ASX)
	Australian Securities Exchange (ASX)
Brazil	BM&F BOVESPA
Hong Kong	Hong Kong Exchange
Israel	Tel Aviv Stock Exchange
Italy	Italy Equities Derivatives Market (IDEM)
	Futures Market for Government Securities (MIF)
Japan	Tokyo Financial Exchange Inc
	Osaka Securities Exchange
Malaysia	Bursa Malaysia Derivatives Berhad
Mexico	Bolsa Mexicana de Valores (BMV)
New Zealand	New Zealand Stock Exchange
Singapore	Singapore Exchange (SGX)
Spain	BME, Spanish Exchanges
South Africa	South African Futures Exchange (SAFEX)
	JSE (SAFEX) Limited

South Korea	Korea Exchange (KRX)
Switzerland	SIX Swiss Exchange (SWX)
	Eurex Zurich
United Kingdom	Euronext
	London International Financial Futures and Options Exchange (LIFFE)
	London Securities & Derivatives Exchange Ltd (OMLX)
	NYSE LIFFE
	EDX
USA	CME Group Inc.
	NASDAQ OMX Futures
	New York Mercantile Exchange (NYMEX)
	NYSE Amex Options
	Chicago Board Options Exchange
	Chicago Mercantile Exchange
	OTC BB Markets
	NASDAQ OMX NFX
	NYSE Arca
	NASDAQ OMX PHLX

APPENDIX D

Historic Performance Information

The comparisons in the performance table are based on performance data over a five year period up to 31 December in each year listed.

The Company launched on 4 September 2013 and does not have a five year record. Where data is not available the table is marked 'N/A'.

The performance information shows the post-tax position and is net of charges (subscription and redemption fees) but does not include the effect of any preliminary charge that may be paid on the purchase of an investment and assumes that the investor pays no taxes.

Name of Fund:	**2011** (%)	**2012** (%)	**2013** (%)	**2014** (%)	**2015** (%)
TM Cerno Select B Inc.	N/A	N/A	N/A	5.50	2.88
TM Cerno Select C Acc.	N/A	N/A	N/A	5.69	3.23

Source: These performance figures have been derived from information extracted from information provided through MorningStar.

These performance figures are presented as a matter of record and should be regarded as such.

Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.

Investors should note that past performance is not necessarily a guide to future performance.

APPENDIX E

Other regulated schemes for which the ACD acts:

Authorised Investment Companies with Variable Capital

Abaco Fund ICVC
Bryth ICVC
Destiny Fund ICVC
Farnborough Equity Fund
Harroway Capital ICVC
Libero Portfolio Fund
Natural Resources Fund
Skiwi Fund
The Ambrose Fund
The Diversification Fund ICVC
The Dunnottar Fund
The Global Balanced Strategy Fund
The Global Multi Asset Fund
The Hector Fund
The Juniper Fund
The Lockerley Fund
The Motim Fund
The Northern Lights Fund
The Oenoke Fund
The Ord Fund ICVC
The Saint Martins Fund
The Staderas Fund
The Stratford Fund
The Sun Portfolio Fund
The TM Kauri Fund
The TM Lancewood Fund
The TM Levitas Funds
The TM Overstone UCITS Fund
The Vinings Fund
The Wharton Fund
Thesis iFunds OEIC
Thesis JDS Fund
TM Balanced Growth Fund
TM Cartesian Investment Funds ICVC
TM Cheviot Investment Funds
TM Credit Suisse Fund
TM First Arrow Investment Funds
TM Hearthstone ICVC
TM Lime Fund
TM Oak Fund
TM Progressive UK Smaller Companies Fund
TM Sanditon Funds
TM Total Return Fund
TM UBS (UK) Fund
Trowbridge Investment Funds

Authorised Unit Trusts

BPM Trust
Eden Investment Fund
Elfynn International Trust
Glenhuntley Portfolio Trust
Hawthorn Portfolio Trust
Joral Global Growth Fund
KES Diversified Trust
KES Equity Fund
KES Growth Fund
KES Income and Growth Fund
KES Strategic Investment Fund
Latour Growth Fund
Lavaud Fund
Palm Fund
Pippin Return Fund
The Darin Fund
The Eldon Fund
The Iceberg Trust
The Palfrey Fund
Thesis Charlotte Square Allweather Fund
Thesis Headway Fund
Thesis Lion Growth Fund
Thesis Optima Fund
Thesis PM A Fund
Thesis PM B Fund
Thesis Thameside Managed Fund
The TUTMAN B&CE Contracted-out Pension Scheme
TM Balanced Fund
TM Balanced Return Fund
TM Growth Fund
TM Hearthstone UK Residential Feeder Fund
TM Managed Fund
TM New Court Fund
TM New Court Equity Growth Fund
TM Preservation Fund
TM Private Portfolio Trust

APPENDIX F

LIST OF SUB-CUSTODIANS

AS APPROPRIATE IN LINE WITH THE ELIGIBLE MARKETS

Country	Sub-Custodian	Sub-delegate
Argentina	Citibank, N.A	
Australia	HSBC Bank Australia Limited	
Austria	UniCredit Bank Austria AG	
Bahrain	HSBC Bank Middle East Limited	
Bangladesh	Standard Chartered Bank	
Belgium	Deutsche Bank AG	
Benin	Standard Chartered Bank (Mauritius) Limited	
Bermuda	HSBC Bank Bermuda Limited	
Bosnia-Herzegovina: The Federation of Bosnia and Herzegovina (Sarajevo) Bosnia-Herzegovina: The Republika of Srpska (Banja Luka)	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Botswana	Standard Chartered Bank Botswana Limited	
Brazil	Citibank N.A.Brazil	Citibank Distribuidora de Titulos e Valores Mobiliaros S.A ("DTVM")
Bulgaria	Citibank Europe plc	
Burkina Faso	Standard Chartered Bank (Mauritius) Limited	
Canada	1.The Northern Trust Company Canada 2.RBC	
Channel Islands	The Northern Trust Company, London	
Chile	Banco de Chile	
China	(1) HSBC Bank (China) Company Limited (China- A) (2) HSBC Bank (China) Company Limited (China- B)	
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
Cyprus	Citibank Europe plc, Greece Branch	
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.	
Denmark	Nordea Bank Danmark A/S	
Egypt	Citibank NA	
Estonia	Swedbank AS	

Country	Sub-Custodian	Sub-delegate
Euroclear	Euroclear Bank S.A/N.V	
Finland	Nordea Bank Finland plc	
France	Deutsche Bank AG	
Germany	Deutsche Bank A.G.	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank Europe plc, Greece Branch	
Guernsey	The Northern Trust Company, London	
Guinea Bissau	Standard Chartered Bank (Mauritius) Limited	
HONG KONG	The Hongkong & Shanghai Banking Corporation Ltd	
Hungary	UniCredit Bank Hungary Zrt	
Iceland	Landsbankinn hf	
India	Citibank NA	
Indonesia	Standard Chartered Bank	
Ireland	The Northern Trust Company, London	
Israel	Bank Leumi Le-Israel B.M.	
Italy	Deutsche Bank SpA	
Ivory Coast	Standard Chartered Bank (Mauritius) Limited	
Japan	The Hongkong & Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank plc, Jordan Branch	
Kazakhstan	JSC Citibank Kazakhstan	
Kenya	Standard Chartered Bank Kenya Limited	
Kuwait	HSBC Bank Middle East Limited	
Latvia	Swedbank AS	
Lebanon	HSBC Bank Middle East Limited	
Lithuania	AB SEB Bankas	
Luxembourg	Euroclear Bank S.A/N.V	
Malaysia	HSBC Bank Malaysia Berhad	
Mali	Standard Chartered Bank (Mauritius) Limited	
Mauritius	The Hongkong & Shanghai Banking Corporation Ltd	
Mexico	Banco Nacional de Mexico S.A.	
Morocco	Societe Generale Marocaine de Banques	
Namibia	Standard Bank Namibia Ltd	
Netherlands	Deutsche Bank AG	
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	

Country	Sub-Custodian	Sub-delegate
Niger	Standard Chartered Bank (Mauritius) Limited	
Nigeria	Stanbic IBTC Nominees Limited	
Norway	Nordea Bank Norge ASA	
Oman	HSBC Bank Oman SAOG	
Pakistan	Citibank NA	
Panama	Citibank, N.A., Panama Branch	
Peru	Citibank del Peru S.A.	
Philippines	The Hongkong & Shanghai Banking Corporation Ltd	
Poland	Bank Polska Kasa Opieki SA	
Portugal	BNP Paribas Securities Services	
Qatar	HSBC Bank Middle East Limited	
Romania	Citibank Europe plc	
Russia	AO Citibank	
Saudi Arabia	HSBC Saudi Arabia Limited	
Senegal	Standard Chartered Bank (Mauritius) Limited	
Serbia	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd	
Slovak Republic / Slovakia	Citibank Europe plc	
Slovenia	UniCredit Banka Slovenija d.d	
South Africa	Standard Bank of South Africa Limited	
South Korea	The Hongkong & Shanghai Banking Corporation Ltd	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Swaziland	Standard Bank Swaziland Ltd	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse AG	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Ltd
Thailand	Citibank NA	
Togo	Standard Chartered Bank (Mauritius) Limited	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank AS	
Uganda	Standard Chartered Bank Uganda Limited	
Ukraine	PJSC Citibank	
United Arab Emirates-ADX	HSBC Bank Middle East Limited	
United Arab Emirates-DFM	HSBC Bank Middle East Limited	
United Arab Emirates-NASDAQ	HSBC Bank Middle East Limited	
United Kingdom	The Northern Trust Company, London	
United States	The Northern Trust Company	

Country	Sub-Custodian	Sub-delegate
Uruguay	Banco Itau Uruguay S.A.	
Venezuela	Citibank NA Caracas Branch	
Vietnam	HSBC Bank (Vietnam) Ltd	
Zambia	Standard Chartered Bank Zambia plc	
Zimbabwe	Standard Chartered Bank (Mauritius) Limited	

APPENDIX G

Directory of Contact Details

ACD	Thesis Unit Trust Management Limited Exchange Building St Johns Street, Chichester, West Sussex PO19 1UP
Administrator and Registrar	Northern Trust Global Services Limited 50 Bank Street Canary Wharf, London E14 5NT
Dealing Office	Northern Trust Global Services Limited PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG Tel: 0333 300 0375
Auditors	Grant Thornton UK LLP Grant Thornton House 22 Melton Street London NW1 2EP
Custodian *Principal place of business:*	Northern Trust Company 50 South LaSalle Street Chicago, Illinois, USA
Who may also act under this power through its London branch:	50 Bank Street Canary Wharf, London E14 5NT
Depositary	National Westminster Bank Plc Younger Building, 1st Floor, 3 Redheughs Avenue, Edinburgh EH12 9RH
Investment Manager	Cerno Capital Partners LLP 34 Sackville Street London W1S 3ED
Financial Conduct Authority (FCA)	25 The North Colonnade Canary Wharf London E14 5HS