



# **Prospectus**

## **of**

# **TM Stonehage Fleming Investments**

# **Funds**

This document is the Prospectus of TM Stonehage Fleming Investments Funds and is dated and valid as at 12 March 2024. This document replaces any previous prospectuses issued by the Company.

This document has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL) which forms part of the FCA Handbook 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

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This is the Prospectus for the **TM Stonehage Fleming Investments Funds** (the "Company").

Headings used in this Prospectus are for convenience only and shall not affect their meaning or legal effect.

References in the main body of this Prospectus to paragraphs mean paragraphs in the main body of this Prospectus unless otherwise stated. Similarly, references in a Section to paragraphs mean paragraphs in the relevant Section unless otherwise stated.

References to the plural shall include the singular and vice versa.

Unless otherwise defined in "Definitions" below or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.

References to statutes, statutory provisions or regulations (including any provision of the FCA Handbook) shall include those statutes, provisions, regulations, or provision of the FCA Handbook as amended, extended, consolidated, substituted or re-enacted from time to time and, in particular, references to Regulations and/or Directives of the European Union shall, where appropriate, include all domestic law and regulation enacted (or re-enacted) for the purpose of bringing such European Union law and regulation into domestic law and regulation.

## **DEFINITIONS**

<b>"the ACD"</b>	Thesis Unit Trust Management Limited;
<b>"Administrator"</b>	Northern Trust Global Services SE, UK branch;
<b>"the Act"</b>	the Financial Services and Markets Act 2000;
<b>"Approved Bank"</b>	(in relation to a bank account opened for the Company):  (a) if the account is opened at a branch in the United Kingdom:  (1) the Bank of England; or  (2) the central bank of a member state of the OECD; or  (3) a bank; or  (4) a building society; or  (5) 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:
- (1) a bank in (a); or
  - (2) 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; or
- (d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,
- as such definition may be updated in the FCA Glossary from time to time;

<b>"Benchmarks Regulation"</b>	has the meaning set out in the FCA Glossary;
<b>"Business Day"</b>	any day (apart from Saturdays, Sundays and public holidays in the UK or any part of it) on which banks are ordinarily open for business;
<b>"CASS"</b>	the requirements relating to holding client assets and client money published by the FCA as part of their FCA Handbook;
<b>"CCP"</b>	has the meaning set out in the FCA Glossary;
<b>"Class"</b>	refers to a class of share issued by the Funds;
<b>"COLL"</b>	the Collective Investment Schemes Sourcebook made by the FCA as amended from time to time;
<b>"the Company"</b>	TM Stonehage Fleming Investments Funds, an investment company with variable capital;
<b>"Conversion"</b>	the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and "Convert" shall be construed accordingly;
<b>"the Custodian"</b>	The Northern Trust Company;
<b>"Data Protection Laws"</b>	all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances: <ul style="list-style-type: none"> <li>(a) the UK GDPR;</li> <li>(b) the Data Protection Act 2018;</li> <li>(c) any laws which implement any such laws;</li> </ul>

(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Agreement); and

(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding);

**“the Depositary”**

NatWest Trustee and Depositary Services Limited;

**“Depositary Agreement”**

the agreement between the Company, the ACD and the Depositary;

**“EEA State”**

a member state of the European Union and any other state which is within the European Economic Area;

**“Efficient Portfolio Management” or “EPM”**

techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

(a) they are economically appropriate in that they are realised in a cost effective way;

(b) they are entered into for one or more of the following specific aims:

(1) reduction of risk;

(2) reduction of cost;

(3) 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;

**“EGM”**

refers to any Company meeting apart from an Annual General Meeting;

**“Eligible Institution”**

one of the eligible institutions as defined in the FCA Glossary;

**“EMIR”**

has the meaning set out in the FCA Glossary;

**“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);

<b>“ESMA”</b>	the European Securities and Markets Authority;
<b>“EUWA”</b>	the European Union (Withdrawal) Act 2018;
<b>“extraordinary resolution”</b>	refers to a resolution which is put to a Meeting, and which requires the approval of at least 75% of all the votes cast for and against it in order to be passed;
<b>“the FCA”</b>	the Financial Conduct Authority or any successor regulatory authority from time to time;
<b>“FCA Glossary”</b>	The glossary giving the meanings of the defined expressions used in the FCA Handbook;
<b>“the FCA Handbook”</b>	the FCA Handbook of rules and guidance, including COLL, as amended from time to time;
<b>“FCA Rules”</b>	the rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in the COLL sourcebook.
<b>“Financial Instrument”</b>	has the meaning set out in the FCA Glossary;
<b>“Fund” or “Funds”</b>	a fund or sub-funds, comprised within the Company, each with its own investment objectives (as set out in Section 3 of this Prospectus);
<b>“the Instrument”</b>	the Company’s Instrument of Incorporation, as amended from time to time;
<b>“Home State”</b>	has the meaning set out in the FCA Glossary;
<b>“International Tax Compliance Regulations”</b>	The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.
<b>“ISA”</b>	Individual Savings Account also referred to as New Individual Savings Account (“NISA”), which is governed by The Individual Savings Account Regulations 1998, as amended from time to time;
<b>“the Investment Manager”</b>	the investment manager to the ACD in respect of the Company;
<b>“Non-UCITS retail scheme”</b>	an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund;
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development;

<b>"the OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended or re-enacted from time to time;
<b>"Reference Benchmark"</b>	MSCI All Country World Net Total Return Index in relation to the TM Stonehage Fleming International Fund, Numis Smaller Companies ex-Investment Companies Total Return Index in relation to the TM Stonehage Fleming Opportunities Fund, Numis Alternative Markets Index in relation to the TM Stonehage Fleming AIM Fund;
<b>"Registrar"</b>	Northern Trust Global Services SE, UK branch;
<b>"the Regulations"</b>	the OEIC Regulations and COLL;
<b>"Scheme Property"</b>	the property of the Company or a Fund (as appropriate) to be held by the Depositary for safekeeping, as required by the FCA Handbook;
<b>"Share"</b>	a share issued by the Company;
<b>"Shareholder"</b>	the holder of one or more Shares;
<b>"SYSC"</b>	the Senior Management Arrangement Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time;
<b>"UCITS"</b>	Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, each as defined in the FCA Glossary;
<b>"UCITS Directive"</b>	means the European Parliament and Council Directive of 13 July 2009 (UCITS) (No. 2009/65/EC), as amended, including any relevant implementing measures, on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as it applies in the UK from time to time;
<b>"UK AIF"</b>	has the meaning set out in the FCA Glossary;
<b>"UK GDPR"</b>	Regulation 2016/679 of the European Parliament and of the Council of 27th April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained EU law by virtue of section 8 of the EUWA (as may be



amended from time to time) following the UK's withdrawal from the EU;

**"UK UCITS"**

has the meaning set out in the FCA Glossary;

**"UK UCITS Regulations"**

means the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union;

**"UK" or "United Kingdom"**

the 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 Person"**

means a person who is in either of the following two categories:

(a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or

(b) a person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission ("CFTC") Rule 4.7

For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it is outside both the definition of "U.S. person" in Rule 902 and the definition of "Non-United States person" under CFTC Rule 4.7.

**"1933 Act"**

the United States Securities Act of 1933 (as may be amended or re-enacted);

**"1940 Act"**

the United States Investment Company Act of 1940 (as may be amended or re-enacted).

## **IMPORTANT INFORMATION**

***If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Act.***

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

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.

Thesis Unit Trust Management Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefor under the FCA Regulations 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 Shares 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 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.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from the ACD.

This Prospectus has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the Act).

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

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

Obligations have been imposed on financial sector professionals to prevent the use of funds such as TM Stonehage Fleming Investment Funds 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.

### **Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, SYSC 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 Law. 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.

## INTRODUCTION

This Prospectus has been prepared in accordance with COLL. It relates to a continuing offer of Shares more fully described in the course of this document. Investors should be aware that information in this document is generic in nature, and there may be specific reasons why investing in Shares would not be in the interests of a particular prospective investor. Investors are encouraged to seek an appropriate degree of advice prior to investing in Shares.

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

### Information in this Prospectus

This document is laid out in seven Sections:

- Section 1 generic information concerning the Company
- Section 2 a description of the investment and borrowing powers of the Company
- Section 3 specific information on the Company (for example, the investment objective of the Company's various Funds and the eligible markets applicable to them)
- Section 4 past performance information
- Section 5 other authorised collective investment schemes operated by the ACD
- Section 6 sub-custodians
- Section 7 directory

***Investors should remember that past performance is no guarantee of future returns. The price and value of Shares and the amount of income from them can go down as well as up. You may not get back the amount that you originally invested. An investment in any Fund should be seen as medium to long term. Fluctuations in currency rates of exchange may adversely affect the value of Shares. Before investing, you should consider carefully whether this investment is appropriate for you, and if in doubt you should take independent advice. We recommend that Retail investors in particular should obtain advice from an appropriately qualified financial adviser before investing into the Funds. A summary of risk factors pertinent to each given Fund appears in Section 3, below.***

## SELLING RESTRICTIONS

This Prospectus is intended for distribution in the European Economic Area ("EEA") only. Its distribution in other countries may be restricted. This Prospectus does not amount to an offer in any jurisdiction where such offer may be prohibited or to any investor outside

the EEA who is prohibited by applicable laws from subscribing for Shares. If you are resident or domiciled in a country other than one which is in the EEA and wish to subscribe for Shares, you should seek professional advice as to the legal, tax and exchange control consequences of doing so.

The Shares have not been and will not be registered in the United States of America under any applicable legislation (see above; Important Information).

Promotion of the Shares issued by one or more Funds may be permitted in EEA States, in accordance with the provisions of the UCITS Directive, as amended, (as locally implemented in each applicable Member State). In any such State where English is not an official language, regard should be had by investors primarily to the version of this Prospectus translated into the official language of that State. However, in case of ambiguity, the provisions of this Prospectus will prevail. This statement is not intended as an indication or confirmation that the ACD intends to promote any Fund established by the Company in an EEA State. Refer to Section 1 (General information concerning the Company) for further details.

## **SECTION 1: GENERAL INFORMATION CONCERNING THE COMPANY**

### **A: PARTIES**

#### **1. THE COMPANY**

TM Stonehage Fleming Investments Funds is an open-ended investment company with variable capital, incorporated under the OEIC Regulations. It is a UK UCITS as defined in COLL and is an umbrella company, for the purposes of the OEIC Regulations.

The Company is classed as a UK UCITS. It may be marketed to the public in the UK, however, it will not be able to apply to the regulatory authorities in member states in the European Union to be marketed under the UCITS Directive in those states.

The Company is incorporated in England & Wales with registered number IC000195. The FCA's product reference number ("PRN") for the Company is 407782.

The Company's registered address and head office is at Exchange Building, St John's Street, Chichester, PO19 1UP. The Company was authorised by an order made by the Financial Services Authority (the predecessor to the FCA and the Prudential Regulation Authority) on 24 September 2002.

The Company's operation is governed by the Regulations, the Company's Instrument and this Prospectus. The Company is authorised and regulated by the FCA.

The Company's base currency is Pounds Sterling. Its minimum permitted capital is £100 and its maximum permitted capital is £100,000,000,000.

The address for service on the Company of notices or other documents required or authorised to be served on it is Exchange Building, St John's Street, Chichester, PO19 1UP.

The procedures to wind up the Company or terminate a Fund are set out in Section 1.B.5 (Termination, Amalgamation and Reconstruction) below.

#### **The Funds**

The Company issues Shares in the below Funds, which are available for investment:-

- TM Stonehage Fleming AIM Fund;
- TM Stonehage Fleming Opportunities Fund; and
- TM Stonehage Fleming International Fund.

Further details of these Funds, the PRN, and investment objective of each Fund, is set out in Section 3 (Particulars of the Funds). Specific investor profiles for these Funds are also set out in Section 3 (Particulars of the Funds).

The investment powers of the Company are set out in Section 2 (Investment and Borrowing Powers). The Shareholders of the Company will not be liable for the debts of the Company.

The property attributable to each Fund is managed as if such Fund belonged to the UK UCITS category specified in COLL, subject always to each Fund's investment objective and policy.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available 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. Details of segregated liability are set out in Section 1.G.4 (Risk Factors) below.

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

**2. THE AUTHORISED CORPORATE DIRECTOR**

**General**

The Company's ACD is Thesis Unit Trust Management Limited, a private company limited by shares, incorporated in England and Wales under the Companies Act 1985 on 6 February 1998 with company number 3508646.

The directors of the ACD are:

S R Mugford	Finance Director
D W Tyerman	Chief Executive Officer
S E Noone	Client Service Director
D K Mytnik	Non-Executive Director
V R Smith	Non-Executive Director
C A E Lawson	Independent Non-Executive Director
C J Willson	Independent Non-Executive Director
N C Palios	Non-Executive Chair

All directors are also directors of ConBrio Fund Partners Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group. D W Tyerman, S R Mugford and S E Noone perform senior management functions within those entities. D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

D K Mytnik, V R Smith and N C Palios also hold non-executive directorships of other companies within the Thesis group. They and C J Willson and G Stewart are not engaged in other business activities that are of significance to the Company.

**Share Capital**

It has a share capital of £5,673,167 issued and paid up.

**Head office and registered office of the ACD** Exchange Building, St John's Street, Chichester, PO19 1UP.

The ACD is authorised under the Act to carry on investment business in the UK by virtue



of being regulated by the FCA. The ACD is the sole director of the Company.

The Company entered into an agreement with the ACD on 12 November 2020 (the "ACD Agreement") for the provision of investment management and other services by the ACD to the Company. Under the terms of the ACD Agreement, the Company will indemnify the ACD against all costs and expenses which it may incur in managing the Company, other than where incurred as a consequence of the ACD's negligence, wilful default, breach of duty, breach of trust or fraud. If the ACD is removed as a director of the Company by an ordinary resolution of the Shareholders, the ACD Agreement will terminate as from three months after the date of such resolution. The ACD Agreement operates for an initial period of 3 years, 6 months prior to the end of which either party may give notice of termination to the other, but in the absence of such notice, the ACD Agreement shall continue indefinitely but subject to 6 months' notice in writing at any time. If the ACD's appointment as director ceases for any other reason, the ACD Agreement terminates forthwith.

The ACD may provide services to clients and investment funds other than the Company (including investment funds in which the Company may itself invest) in accordance with the Regulations. In that context, the ACD will not be obliged to make use of information which might cause it to breach a duty of confidentiality that it may owe to any such other client or fund, or which comes to the attention of an employee or agent of the ACD that is not him- or itself involved in managing the Company.

The ACD may act as authorised fund manager to other regulated collective schemes. Details of these schemes, as at the date of this Prospectus, are set out at Section 5 (List of other authorised collective investment schemes operated by the ACD).

### **Delegated functions**

The ACD has, pursuant to the ACD Agreement, delegated its administrative and registrar functions to Northern Trust Global Services SE, UK branch (please see Section 1.A.6 below).

The ACD has delegated investment management and advisory services to the Investment Manager (please see Section 1.A.4 below).

### **3. THE DEPOSITARY**

The Depositary of the Company is NatWest Trustee and Depositary Services Limited, a private limited company registered in England and Wales with company number 11194605.

The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland.

The Depositary's registered office address is 250 Bishopsgate, London EC2M 4AA. The Depositary's head office address is 440 Strand, London WC2N 5LR. The address of its office which handles matters relating to the Company is set out in Section 7 (Directory).

The Depositary's principal activity is the provision of trustee and depositary services.

The Depositary is established in the UK and is authorised and regulated by the FCA to act as a depositary of a UK UCITS or a UK AIF.

## **Duties of the Depositary**

The Depositary is responsible for the safekeeping of the 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.

## **Terms of Appointment**

The appointment of the Depositary has been made under the terms of the Depositary Agreement between the Company, the ACD and the Depositary.

The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the OEIC Regulations, and COLL.

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 has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the "Custodian"). Contact details for the Custodian are set out in Section 7 (Directory). The Custodian has, in turn, sub-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 set out in Section 6 (List of sub-custodians). Investors should note that the list of sub-custodians is updated only at each Prospectus review.

To the extent permitted by applicable law and the UK UCITS Regulations, the Depositary will not be held liable for any loss incurred by it, or through any of its agents in carrying out its obligations or functions, unless such loss arises as a direct result of the fraud, wilful default, negligence or intentional failure of the Depositary to properly fulfil its obligations under the Depositary Agreement.

The Depositary Agreement provides that the Depositary will be indemnified by the Company in respect of any liabilities suffered or incurred by the Depositary in the proper performance of its obligations and duties under the Depositary Agreement except in the case of fraud or negligent breach of the Depositary Agreement or of any applicable laws.

The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD 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.

Details of the fees payable to the Depositary are set out in Section 1.D.2 (Depositary's Charges and Expenses).

## **Conflicts of interest**

The Depositary may act as the depositary of other authorised unit trusts or 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, a particular Fund, one or more Shareholders, the ACD 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.

As the Depositary operates independently from the Company, Shareholders, the ACD and the Custodian, the Depositary does not anticipate any conflicts of interest arising between it and any of the aforementioned parties.

The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

#### **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.

#### **4. THE INVESTMENT MANAGER**

The ACD has appointed the Investment Manager, Stonehage Fleming Investment Management Limited, to provide investment management services to the ACD. The Investment Manager is authorised by the Financial Conduct Authority.

The address for the Investment Manager is set out at Section 7 (Directory).

The principal activity of the Investment Manager is providing investment management and advisory services to the ACD. The Investment Manager has established and implemented an order execution policy to allow it to obtain the best possible results for the Company.

A copy of the Investment Manager's execution policy is available on the Investment Manager's website at [www.stonehagefleming.com](http://www.stonehagefleming.com), or available, on request, from the ACD.

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management to attain the investment objectives of the Funds, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the annual report for circulation to Shareholders. The Agreement may be terminated by either party on not less than three months' written notice or with immediate effect by the ACD if it is in the interests of Shareholders.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Funds and is also entitled to receive commission paid by the ACD in respect of investment in the Funds by its clients. Research costs will be paid for by the Investment Manager out of this fee and shall not be borne by the Company.

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

## **5. THE AUDITORS**

The auditors of the Company are Ernst & Young. The address for the Auditor is set out in Section 7 (Directory).

## **6. THE ADMINISTRATOR AND REGISTRAR**

The ACD has appointed Northern Trust Global Services SE, UK branch to act as administrator and registrar to the Company. The registered office address for the Administrator and Registrar is set out in Section 7 (Directory).

Northern Trust Global Services SE, UK branch was formerly Northern Trust Global Services PLC. Northern Trust Global Services SE, UK branch is authorised and regulated by the Financial Conduct Authority.

### **The Register**

The Register (and any plan sub-registers, if relevant) is maintained by the Registrar and is kept and may be inspected at 50 Bank Street, London E14 1BT.

## **7. NO LIABILITY TO ACCOUNT**

Neither the ACD, the Depositary, the Administrator, the Registrar nor any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the Shareholders or former Shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with:

- (a) dealings in the Shares of the Company;
- (b) any transaction in the Scheme Property of the Company; or
- (c) the supply of services to the Company.

Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued/cancelled by the Company. When carrying out deals in Shares, the ACD acts as principal but does not profit from this activity.

## **B: CHARACTERISTICS OF SHARES; RIGHTS ATTACHING TO SHARES; SHAREHOLDERS' MEETINGS; AMALGAMATION, RECONSTRUCTION AND TERMINATION**

### **1. CHARACTERISTICS OF SHARES**

A Share is a division of the Company's capital. The holder of that Share is entitled to participate in the property and the income of the Company which it represents, in

proportion to the value of that Share. However, Shareholders do not have rights in respect of any specific property or assets of the Company or of any Fund. Shareholders do not, for example, have the right to vote at any meeting called by a company or other vehicle whose securities are included within the property of the Fund in question or of the Company (the ACD shall exclusively be entitled to direct the manner in which votes and other rights attaching to such securities are exercised).

## **2. TYPES OF SHARE**

The Company's Instrument permits the ACD to issue both income and accumulation Shares.

An income Share is one in respect of which income which accrues is distributed to the Shareholder on a periodic basis.

An accumulation Share is one in which accrued income is not distributed, but is instead periodically capitalised (i.e. reinvested), thus increasing the capital value of the Share. Details of the taxation of the Company and of Shareholders are set out in Section 1.E below.

### **Smaller and Larger Denomination Shares**

The rights attaching to the Shares of any Class maybe expressed in two denominations and, in each of these Classes, the proportion of the larger denomination Share represented by a smaller denomination Share shall be one thousandth of the larger denomination. In all respects other than relative value, smaller and larger denomination Shares entitle Shareholders to equivalent proportionate rights in the property of the Fund in question.

## **3. SHARE CLASSES**

In accordance with the Instrument, the following Classes of Share are available in the Company.

### **Class B Shares**

Class B Shares are available in all of the Funds, to all investors able to meet the minimum investment and eligibility criteria set out at Section 3 in respect of those Shares. For each Fund, Class B Shares carry a 0.60% annual management charge.

### **Class C Shares**

Class C Shares are available in the **TM Stonehage Fleming AIM Fund, TM Stonehage Fleming Opportunities Fund and TM Stonehage Fleming International Fund** for all investors able to meet the minimum investment and eligibility criteria set out at Section 3 in respect of those Shares. Class C Shares carry a 0.60% annual management charge.

### **Class L Shares**

Class L Shares are available in all of the Funds for investors able to meet the eligibility criteria set out at Section 3 in respect of those Shares. Class L Shares carry a 0.48% annual management charge.

### **Class Y Shares**

Class Y Shares are available in the **TM Stonehage Fleming AIM Fund, TM Stonehage Fleming Opportunities Fund** and **TM Stonehage Fleming International Fund** for investors able to meet the eligibility criteria set out at Section 3 in respect of those Shares. Class Y Shares carry a 0.48% annual management charge.

Section 3 of the Prospectus provides details of the types of Share currently issued by the Company, together with specific details of the charging structures applicable to those Share types.

### **Switching Between Funds and Conversions between Share Classes**

A Shareholder in a Fund may switch all or some of his Shares in a Fund for the appropriate number of Shares in another Fund or Convert his Shares from one Class to another Class in the same Fund at any time. A switch involves a sale of the original Shares held and a purchase of the new Shares. A Conversion is effected by the ACD recording the change of Class in the Company register. Conversions will, where the ACD reasonably determines that it is practicable and feasible, be effected at the next valuation point following receipt of instructions to Convert from a Shareholder. However, in any case where the ACD reasonably determines it is not practicable or feasible for the Conversion instruction to be dealt with at the next valuation point, the Conversion instructions will be held over and dealt with at a later point. It is envisaged but not guaranteed that this extended period to process Conversion instructions will usually not exceed the lesser of the period until the next ex-distribution date of that Fund or 30 Business Days from receipt of the Shareholder's instruction.

The ACD may make a switch charge (instead of a preliminary charge on the purchase of the new Shares). The rate of the charge will not be greater than the preliminary charge levied on a purchase; details are set out in Section 3 (Further details of the Funds), as is detail of charges on Conversions.

If the switch or Conversion would result in the Shareholder holding a number of original or new Shares of a value which is less than the minimum holding in the Funds concerned, the ACD may, if it thinks fit, Convert the whole of the applicant's holding of original Shares to new Shares or refuse to effect any switch or Conversion of the original Shares.

**Investors subject to UK tax on capital gains should note that a switch is treated as a redemption and issue, and will be a realisation for the purposes of tax on capital gains. A gain realised on such transaction may give rise to liability to tax on capital gains for UK resident or ordinarily resident Shareholders. Conversions will not be treated as a disposal for capital gains tax purposes.** Further details of the taxation of the Company and of Shareholders are set out in Section 1.E below.

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

The ACD may carry out a compulsory Conversion of some or all of the Shares of one Class into another Class where it reasonably believes it is in the best interests of Shareholders (for example, to merge two existing share classes). The ACD will give Shareholders written notice as required before any compulsory Conversion is carried out.

## **4. MEETINGS OF SHAREHOLDERS**

### **Powers of a Company Meeting**

The ACD must, by way of an extraordinary resolution, obtain prior approval from the Shareholders (or, where applicable, class of Shareholders) for any proposed change to the Company or any of the Funds which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:-

- certain changes to the investment objective and policy of the Funds;
- the removal of the ACD; and
- any proposal for a scheme of arrangement.

Other provisions of the Company's Instrument of Incorporation and the Prospectus may be changed by the ACD without the sanction of a Shareholders' meeting in accordance with the COLL.

The Company does not hold annual general meetings, Shareholders are therefore only entitled to exercise their voting rights at an EGM of the Company.

### **Convening a meeting and service of notice**

The ACD may convene a meeting and shall do so if required to do so by the Depositary or by a requisition from Shareholders which complies with COLL, representing at least 10% in value of all Shares for the time being in issue. Notice of at least 14 days must be given in respect of a meeting (which period includes the date on which the Notice was posted and the date of the meeting itself). The notice is required to be sent to all persons who were Shareholders as of seven days prior to the date of issue of the notice (other than where any such person is known to have ceased to be a Shareholder during those intervening seven days). The notice must state the time and place for the meeting. The text of any ordinary and/or extraordinary resolution(s) to be proposed at the meeting must appear in the Notice. A copy of the Notice must also be sent to the Depositary.

The procedure, to serve notices on Shareholders, is set out in Section 1.G.13 (Notice to Shareholders).

### **Quorum and representation**

The quorum for a meeting is two Shareholders present, in person or by proxy. A proxy for a Shareholder need not himself be a Shareholder. A Shareholder that is a legal person (such as a company) may appoint a natural person as its representative to attend the meeting. Where a quorum is not present at a meeting within 30 minutes of the time appointed for it to commence, it shall be adjourned (or where the meeting has been convened upon the requisition of Shareholders, dissolved). At least seven days' notice of the time and place for the reconvention of an adjourned meeting shall be given to Shareholders (including the date of service of the notice and the date of the reconvened meeting). At the reconvened meeting, those Shareholders present in person or by proxy, irrespective of their number, shall constitute a quorum.

## **Voting**

Those entitled to receive notice of a meeting (see above) are entitled to vote at it. Votes may be counted at a meeting on a show of hands, though more commonly a poll is demanded. A poll may be demanded by the Chairman of the meeting, the Depositary or two Shareholders present in person or by proxy. On a show of hands each Shareholder present in person or by proxy or (in the case of a Shareholder which is a corporation) represented by an authorised representative shall have one vote (irrespective of the number or value of his/its Shares). On a poll, each Shareholder (whether present in person or by proxy) shall have one vote for every unit of value in the property of the Company represented by the Shares which he/it holds (smaller denomination Shares representing less than a complete unit of value will be treated as a unit of value for these purposes). Where two or more persons are jointly registered as Shareholders, the vote of the first named Shareholder (or his proxy) as shown in the register of Shareholders shall be accepted to the exclusion of the other joint holder(s).

## **Class Rights**

The provisions about notice and conduct of meetings summarised above will apply, with the necessary alterations, to Class meetings.

Changes to the Instrument of Incorporation (requiring prior Shareholder approval) which relate only to a particular Class or Classes of Shares and do not prejudice Shareholders of any other Class may, subject to certain exceptions, be made by an extraordinary resolution passed at a Class meeting or Class meetings of the holders of the Class of Shares concerned

## **Rights of the ACD and its associates**

The ACD is entitled to attend any meeting but, except in relation to third party Shares, is not entitled to vote or be counted in the quorum and any Shares it holds are treated as not being in issue for the purpose of such meeting. An associate of the ACD is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party Shares. For this purpose third party Shares are Shares held on behalf of or jointly with a person who, if himself the registered Shareholder, would be entitled to vote, and from whom the ACD or the associate (as relevant) has received voting instructions.

## **5. TERMINATION, AMALGAMATION AND RECONSTRUCTION**

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 must not be terminated except under the COLL Sourcebook or wound up under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC Regulations) as an unregistered company. The Company must not be wound up or a Fund terminated under the COLL Sourcebook if there is a vacancy in the position of authorised fund manager.

Where the Company is to be wound up or a Fund or terminated under the COLL Sourcebook, such winding up or termination may only be commenced provided (a) effect has been given, under regulation 21 of the OEIC Regulations to proposals to wind up the affairs of the Company or proposals to make alterations to the Company's Instrument of Incorporation and Prospectus that would be required if a Fund is to be terminated and (b)



a statement has been prepared and delivered to the FCA under COLL 7.3.5 (solvency statement) and received by the FCA prior to satisfaction of condition (a) above.

Subject to the above the appropriate steps to wind up the Company, or terminate a Fund, must be taken:

1. if an extraordinary resolution to that effect is passed by Shareholders; or
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
3. on the date stated in any agreement by the FCA to a request by the ACD for the winding up of the Company or request for the termination of a Fund; or
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 Scheme Property; or
5. on the date on which all of the Funds fall within 4 above or have otherwise ceased to hold Scheme Property notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

The ACD may request that a Fund be terminated in certain situations such as if, at any time after the first anniversary of the issue of the first Shares linked to a Fund the net value of the assets of the Company attributable to such Fund is less than £1 million.

The winding up of the Company or termination of a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or that property attributable to 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 Fund (as the case may be) 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. The distribution made in respect of each Fund will be made to the holders of Shares linked to that Fund, in proportion to the units of entitlement in the property of that Fund which their Shares represent.

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

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.

## **C: VALUATION OF PROPERTY AND PRICING OF AND DEALING IN SHARES**

### **1. VALUATION OF PROPERTY**

#### **Valuations**

Each Share linked to a Fund represents a proportional share of the overall property attributable to such Fund. Therefore, the value of a Share attributable to a Fund is calculated, in broad outline, by calculating the net value of the property attributable to the Fund, and dividing that value (or that part of that value attributed to Shares of the Class in question) by the number of Shares (of that Class in question) in issue.

The property of each Fund is valued by the ACD at its "valuation point". The normal valuation point for each Fund is 12 noon each Business Day, although there may be instances where the ACD carries out an extra valuation, for example where required to do so in accordance with COLL. The ACD is required to notify the Depositary if it carries out an additional valuation. The prices at which the ACD will create and cancel Shares will be recalculated accordingly and will be notified to the Depositary.

#### **Valuation Bases and Assumptions**

The property of each Fund is valued on the following bases.

- (a) Transferable securities are valued at their most recently quoted single price (or if bid and offer prices are quoted, at the arithmetic mean of these two).
- (b) Units in collective investment schemes which operate on a pricing spread are valued at the mean of their most recent bid and offer prices (determined before charges are taken into account). The ACD has power to attribute what it considers to be a fair and reasonable price in the case of a security or unit for which no recent or reliable valuation or price exists.
- (c) Other non-cash assets will be valued by the ACD on a fair and reasonable basis.
- (d) Cash, near cash and cash deposits will be valued at their nominal values.
- (e) Contingent liability transactions will be valued using a method agreed between the ACD and the Depositary, provide it has the following characteristics, namely that: written options will be valued net of premium receivable; off-exchange futures will be valued at the net value upon close-out; and other transactions will be valued at the net value of margin upon closing out.
- (f) Fiscal and other charges, commissions and professional fees paid or payable upon acquisition or disposal of an asset shall be discounted in determining its value.
- (g) Estimated taxes due, outstanding borrowings (and accrued interest) and other estimated liabilities are deducted.
- (h) Assets which the Fund in question has agreed to sell but have not been transferred to the purchaser are deemed to have been disposed of, and assets which the Fund in question has agreed to acquire but which have not yet been delivered are deemed to form part of that Fund's property for the purposes of valuation.

- (i) Any other property will be valued at what the ACD considered a fair and reasonable mid-market price.

For the above purposes, instructions given to issue or cancel Shares are assumed to have been carried out (and any cash paid or received) and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.

Each Fund has credited to it the proceeds of all Shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to a Fund are charged to it.

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

Where the ACD has reasonable grounds to believe that:

- (a) no reasonable price exists for a security at a valuation point; or
- (b) the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point;
- (c) it will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstance which may give rise to a fair value price being used includes where there has been no recent trade in the security concerned or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

### **Prices of Shares**

Shares in the Company are "single priced", which means that subject to any preliminary charge (and the application of any dilution adjustment as explained below), the price of a Share for both buying and selling purposes will be the same and determined by reference to a particular valuation point.

The price of a Share is calculated at or about the valuation point each Business Day by:

- (a) taking the value of that Fund's property (ascertained as above);
- (b) dividing it by the number of units of entitlement in issue in that Fund immediately prior to the valuation; and
- (c) multiplying that dividend by the number of such units of entitlement which immediately prior to the valuation were represented by one Share of the Class in question.

### **Dilution Adjustment**

The basis on which the Company's investments are valued for the purpose of calculating

the dealing price of Shares is set out above, as required by COLL. However, the actual cost of purchasing or selling assets and investments for each Fund’s portfolio may deviate from the mid-market value used in calculating the Share price, due to dealing charges, taxes and any spread between buying and selling prices of the investments. These costs have an adverse effect on the value of the Funds, known as “dilution”. The FCA’s rules allow the cost of dilution to be met directly from the Funds’ assets or to be recovered from investors on the purchase or redemption of Shares in a Fund. It is not possible to predict accurately whether dilution would occur at any point in time.

In order to prevent dilution, the ACD has the power to apply a “dilution adjustment” on the sale and/or redemption of Shares in the Funds. The ACD currently intends to apply a dilution adjustment on occasions where deals on a particular dealing day exceed a certain percentage of the relevant Fund’s Scheme Property in value, as set out in the table below. The ACD reserves the right to apply a dilution adjustment in other circumstances based on prevailing market conditions. To the extent that the ACD decides to apply a dilution adjustment to a particular Fund on a particular dealing day, such dilution adjustment will be imposed on all deals on that particular dealing day.

Name of Fund	Percentage of the relevant Fund’s Scheme Property in value
TM Stonehage Fleming AIM Fund	1.0%
TM Stonehage Fleming International Fund	5.0%
TM Stonehage Fleming Opportunities Fund	1.0%

If the ACD applies a dilution adjustment 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. The need to apply a dilution adjustment will depend on the volume of sale and redemptions. The ACD may apply a dilution adjustment 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 adjustment may be imposed 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 adjustment. If a dilution adjustment is not imposed in such circumstances, this may have an adverse effect on the future growth of the Scheme Property.

The dilution adjustment will be applied to the net asset value per Share in each Class resulting in a figure calculated up to four decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principles resulting in the final price for the Shares.

The following dilution adjustments are the most recent estimated rates, as at the date of this Prospectus:

Name of Fund	Dilution adjustment on purchases	Dilution adjustment on redemptions
TM Stonehage Fleming AIM Fund	2.247%	2.247%
TM Stonehage Fleming International Fund	0.068%	0.071%
TM Stonehage Fleming Opportunities Fund	1.632%	1.859%

These rates are indicative and are calculated by reference to the estimated costs of dealing in the underlying investments of the Fund, including any dealing spreads, commissions and transfer taxes. They are intended to provide a guide to Shareholders and potential Shareholders on the possible effect of any dilution adjustment. The ACD will review dilution adjustments on at least a quarterly basis and according to prevailing market conditions. Furthermore, due to the nature of investments which may potentially be held within the Funds, the ACD reserves the right to impose a higher dilution adjustment on any day where, due to the size of the net inflow or net outflow, higher trading cost will be incurred.

Based on historical data, the ACD estimates that it is likely that a dilution adjustment will be applied on approximately 2 occasions per Fund per annum.

## **2. INCOME EQUALISATION**

The price of a Share includes an "equalisation amount", which represents the ACD's best estimate of income accrued to that Share (or to Shares of the same type) since the last income allocation date for the Fund in question. That equalisation amount, although calculated with respect to allocation of that Fund's income, is capital in nature. Thus:

- (a) with respect to a Share issued, the equalisation amount will affect the capital value at which the Shareholder acquired it for capital gains taxation purposes; and
- (b) with respect to a Share redeemed, the equalisation amount affects the price at which the Share was redeemed for capital gains taxation purposes.

For Shares of each Class the amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of that Class issued in an accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

## **3. MINIMUM INVESTMENT AND HOLDING**

The following provisions apply in relation to minimum initial and subsequent investment in, and to redemption of, Shares in each Fund:

- (a) Section 3 (Further details of the Funds) prescribes minimum lump sum amounts which an investor must commit when applying:
  - (i) to subscribe for Shares in any Fund for the first time (hereinafter referred as "the Minimum Amount"); and

- (ii) to subscribe for further Shares in any Fund;
- in each case not inclusive of the appropriate preliminary charge.
- (b) Section 3 (Further details of the Funds) also prescribes a minimum monthly amount (inclusive of the appropriate preliminary charge) which an investor must commit when applying to subscribe for Shares under the ACD's monthly savings programme.
- (c) Other than where a Shareholder wishes to redeem his entire holding of Shares, the ACD reserves the right to refuse to process a redemption request if:
  - (i) the value of the Shares which the Shareholder seeks to redeem is less than the Minimum Amount provided for as regards the Fund in question; or
  - (ii) the Shareholder holds Shares of an aggregate value less than the Minimum Amount provided for as regards the Fund in question, or would do so following implementation of the redemption.

If the ACD refuses to process a redemption request on either of these grounds, it will notify the Shareholder as soon as is reasonably practicable after receiving that request.

#### **4. ISSUE, REDEMPTION AND SWITCHING/CONVERTING OF SHARES**

##### **When can Shares be issued, redeemed and switched/converted**

The circumstances and procedure in which an investor may switch Shares of a Class or Fund is set out in Section 1.B.3 (Share Classes).

The Administrator will accept orders to buy, sell or switch/convert Shares on any Business Day between 9.00 a.m. and 5.00 p.m. Orders may be sent in writing on the Application Form available from the ACD or the Administrator to the dealing office (as set out in Section 7 (Directory)). Orders may be placed by telephone with the Administrator by calling 0333 300 0375.

In the case of orders given by telephone the Administrator may require these to be confirmed in writing on the appropriate Application Form. Additional Application Forms are available from the Administrator. Subject to its obligations under COLL, the ACD reserves the rights to reject any application in whole or in part. In that event, application monies or any balanced will be returned to the applicant by post at the applicant's risk.

The ACD may, at its discretion, charge a fee on the switching of Shares between Funds. Details of switching charges are set out at Section 3 (Further details of the Funds).

Applications for the purchase (issue), sale (redemption) or switch/convert of Shares will be acknowledged by a contract note, which will normally be despatched by the close of the Business Day following execution of the transaction.

##### **Compliance with Money Laundering Regulations**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the 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 verify the identity of Shareholders and the source of money invested. This verification usually happens when an investment is made or Shares are transferred. It may also be required at other times whilst the investment is held. The ACD may in its absolute discretion require verification of identity from any person applying for Shares (the "Applicant") including, without limitation, any Applicant who:

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

In the former case, verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required. For Applicants investing through a financial adviser, part of their adviser's duty will be to provide the ACD with verification of the Applicant's identity.

The ACD may 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) 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 Laws. 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.

If the ACD does not receive acceptable verification evidence it reserves the right to delay or reject an Applicant's application. The ACD may, in accordance UK anti-money laundering regulations, withhold payment of the proceeds of a redemption and income distributions pending receipt of satisfactory verification of identity.

### **Client Money Protection**

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 shares 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.

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.

In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of shares in respect of money received other than in the form of cheques. Money received in other payment forms 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.

Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.

In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity.

### **"Forward" basis for Share dealing**

Dealing in Shares in each of the Funds takes place on a "forward" basis, i.e. any application to purchase, redeem or switch Shares will typically be treated as effective as at the next valuation point following the receipt of that application. However, an application for Shares that is received 15 minutes or less before the relevant Fund's next valuation point will be carried over by the ACD to the next-but-one valuation point for that Fund.

### **Issue of Shares in exchange for in specie assets**

The ACD may arrange for the Funds 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 Funds' acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

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

The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Funds (as set out in Section 3).

### **Redemption in specie**

Where a Shareholder holds Shares representing 5% or more of the value of the property of any given Fund, the ACD may notify that Shareholder that the ACD proposes to treat the redemption request as satisfied by a transfer to that Shareholder of investments comprised in the property of that Fund rather than by a cash payment in the normal way. Such notice may be served at any time prior to the time by which, in accordance with COLL, the ACD would be obliged to make payment of the proceeds of redemption to the



Shareholder concerned. The Shareholder then has until the close of business on the fourth Business Day following receipt of the redemption request to counter-notify the ACD to the effect that instead of receiving a transfer of investments from the Fund in question, that Shareholder requires the ACD to realise such investments in the market and transfer to him the cash proceeds of such realisation.

The ACD will select the property to be transferred (or sold) in consultation with the Administrator. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders. The Company shall retain from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

### **Publication of dealing prices**

The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and can also be obtained by telephone on 01483 783 900.

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

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

### **Settlement for purchases of Shares**

Settlement for purchases of Shares (if not made at the time of the application to purchase them) will be due from the Shareholder by 14:00 on the fourth Business Day following the date on which the dealing in the Shares took place. The ACD is not obliged to issue Shares unless it has received cleared funds from or on behalf of the applicant by 14:00 on the fourth Business Day following the date on which the dealing in the Shares took place. No interest will be paid on funds held prior to investment.

Money received by the ACD in the form of cheques or other remittances in respect of applications for the purchase of Shares which are not accepted or rejected by the following dealing day, are retained pending acceptance or rejection. Such moneys are paid into a client money account maintained by the ACD with the Royal Bank of Scotland. No interest is payable by the ACD on money credited to this account.

### **Settlement for redemptions of Shares**

Payment due in respect of redemptions will be made, in accordance with COLL, not later than the close of business on the fourth Business Day after the valuation point occurring immediately following receipt by the ACD of all relevant documentation necessary to complete the redemption. Payments will usually be made by means of a cheque or crossed warrant and will be sent by first class post (if in the UK) or air mail post (if to an overseas Shareholder). Where specifically requested by a Shareholder (in which case he must provide the ACD with full details as appropriate) payments may be made by telegraphic transfer.

### **Electronic communication**

The ACD does not currently accept instructions to deal or otherwise transfer Shares by

electronic communication.

### **Market timing and late trading and excessive trading**

The ACD has a policy to prevent market timing or late trading or excessive trading activities in respect of the Shares as such practices can have a disruptive and detrimental impact on the Funds. The ACD monitors trading patterns in the Funds and may consider the trading history of investors in the Funds or any other funds managed by the ACD for the purposes of detecting and preventing such practices as far as possible. As part of its policy to prevent such practices, the ACD may refuse dealing requests from persons that it reasonably believes are engaged in market timing or late trading or excessive trading activities or may, where it believes it is warranted in the interests of Shareholders, redeem the holding of a Shareholder who it reasonably believes is engaged in such practices in respect of Shares in the Fund.

## **5. COMPULSORY REDEMPTION**

Under the Instrument, the ACD has the power to compulsorily redeem any Share which it believes to be held by or on behalf of a person who is ineligible as a Shareholder for any reason. A typical ground of ineligibility would be the residence or domicile of that person in, or his citizenship of, a country or territory in which it is unlawful for Shares to be promoted (whether generally or to that particular person) and therefore, in particular, US Persons holding Shares in the Fund may be subject to having their Shares in a Fund compulsorily redeemed. The ACD may also apply its compulsory redemption powers to the Shares of a Shareholder as part of the measures it has in place to address any of the practices described above under "*Market timing and late trading and excessive trading*".

Where the ACD exercises its rights of compulsory redemption, the ACD may deduct from the proceeds of redemption an amount representing the extra cost to the Fund in question and to the Depositary of administering the compulsory redemption

If it comes to the notice of the ACD, or if it reasonably believes it to be the case, that any Shares ("affected Shares") in the Company are acquired or held by any person whether beneficially or otherwise in circumstances ("relevant circumstances"):

- 5.1.1 which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- 5.1.2 which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

the ACD may (i) reject at its discretion any subscription for, sale or transfer of affected Shares or any exchange notice given in respect of the affected Shares and/or (ii) give notice to the holder of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption or cancellation of such Shares in accordance with the Regulations. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Shares to a person qualified to hold the same, or establish to the satisfaction of the ACD

(whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected Shares are qualified and entitled to hold the Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the affected Shares pursuant to the Regulations.

A person who becomes aware that he has acquired or holds Shares whether beneficially or otherwise in any of the relevant circumstances shall immediately, unless he has already received a notice from the ACD as set out above either transfer or procure the transfer of all the affected Shares to a person qualified to own the same or give a request in writing or procure that a request is so given for the redemption or cancellation of all the affected Shares pursuant to the Regulations.

## **6. RIGHT TO WITHDRAW**

An investor who received advice may be entitled to cancel (i.e. withdraw from) an application to purchase Shares for a period of 14 days from his receipt of a contract note under the terms of the FCA's Conduct of Business Sourcebook and to request the return of his money. If the investor has a right to cancel and exercises that right, and if the value of the investment has fallen before the ACD receives notice of the cancellation, then the amount of the refund that the investor receives will be reduced to reflect that fall in value.

## **7. SUSPENSION OF ISSUES AND REDEMPTIONS**

The ACD may agree with the Depositary to temporarily suspend the issue and redemption of Shares in a given Fund, or the Depositary may require the ACD to suspend such issues, redemptions cancellations and switches of Shares, in exceptional circumstances where it is in the interests of Shareholders in that Fund for such dealings to be suspended (e.g. in circumstances where the ACD is unable to obtain reliable information on the prices of investments comprised within the property of the relevant Fund).

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA. The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change

to the information given to Shareholders.

The ACD may, however, during the period in which the issue, redemption and switch of Shares is suspended, agree to issue, redeem or switch Shares at prices calculated by reference to the first valuation point after resumption of issue and redemption.

Re-calculation of the Share price will commence on the next relevant valuation point after the period of suspension.

## **8. TITLE TO SHARES AND CERTIFICATES**

### **Title**

Title to Shares is evidenced by entries in the Register of Shareholders.

### **Inspection of the Register**

The Register of Shareholders and any plan sub-registers maintained in accordance with COLL are kept by the Administrator as Registrar at: 50 Bank Street, London E14 5NT and may be inspected at that address during ordinary office hours. However, the Instrument provides that the Company has the right to close the Register of Shareholders to inspection for a maximum of 30 Business Days in any one year.

### **Certificates**

Certificates are not issued in respect of Shares in any of the Funds. Any Shareholder whose title to Shares is evidenced by an entry in the Register of Shareholders may apply to the ACD for a printed statement of the Shares which he holds.

## **D: CHARGES AND EXPENSES**

### **1. ACD'S CHARGES AND EXPENSES**

#### **Preliminary charge**

The price payable by an investor upon issue to him of a Share (other than where this is effected as part of a switch) may include a preliminary charge receivable by the ACD. Section 3 (Further details of the Funds) sets out details of the current rate of the preliminary charge applicable to each Fund as a percentage of the amount invested.

#### **Periodic charge**

The Instrument provides for the ACD to be remunerated in respect of its services as director of the Company and manager of the property of each of the Funds. The ACD's periodic charge is calculated and accrues daily based on the value of the property of the relevant Fund as determined in accordance with Section 1.C.1 above and is payable monthly in arrears on the last Business Day of the month.

#### **Rates of periodic charge**

Section 3 sets out details, in relation to each Fund, of the current rate of the ACD's periodic charge, and the basis upon which the periodic charge accrues and is paid.

### **Charge on redemption**

Upon redemption of a Share, the ACD is entitled to deduct a redemption charge from the proceeds of redemption. Any redemption charge introduced will apply only to Shares sold since its introduction but not to Shares previously in issue. Section 3 sets out details of the current rate of the redemption charge in relation to each Fund.

### **Charge on Switching**

Upon switching from Shares in one Fund for Shares in another Fund or Class, the ACD is entitled to deduct a charge from the value of Shares switched. Section 3 sets out details of the current rate of the switching charge in relation to each Fund.

### **VAT**

Under present UK law, all of the above charges are exempt from VAT. Any VAT which becomes chargeable in the future will be added to the above charges.

### **Other Remuneration**

Foreign exchange transactions and trading of securities for the Company may be aggregated and carried out by the Lewis Trust Group Limited's central treasury department which will retain profits from such deals and transactions.

### **Treatment of Charges (allocation of payments)**

The current policy of the ACD is that all expenses, including the ACD's annual management fee, other than those relating to purchases and sale of investments, the periodic charge and transaction charges which are considered to be capital in nature, are expensed within the net income of the Funds.

**Where such charges are charged to the capital account of the Funds, this may result in capital erosion or constrain the capital growth of the Fund.**

### **Modification of Rates**

Any increase in the current rates of the charges as explained requires not less than 60 days' prior notice in writing to the Shareholders before such increase may take effect. Also, the ACD is required to revise the Prospectus to reflect the new current rate and the date of its commencement.

## **2. DEPOSITARY'S CHARGES AND EXPENSES**

The remuneration of the Depositary will be paid out of the property of a Fund to the extent that such expenses are attributable to that Fund. The Depositary is entitled to make the following charges: –

### **Periodic Charge**

For each Fund this is calculated on the value of the property of the Fund on each Calculation Date (which is the last valuation point of any calendar month) in respect of period

beginning on that date and ending on the day before the next Calculation Date, and is accrued monthly in advance.

The charge is calculated at:

0.0275% per annum on the first £50 million in value of the property of the Fund.

0.025% per annum on the next £50 million of the property of the Fund

0.020% per annum on the next £100 million in value of the property of the Fund

0.015% per annum on the remaining value in the Fund thereafter.

The charge is payable on or as soon as practicable after the last day of the relevant accrual period. There is a minimum charge of £7,500 per annum.

### **Transaction Fees**

These relate to purchases and sales of fund property and the charge for each transaction varies according to the Exchange on which the deal takes place and varies from £10 to £70.

### **Custody Charges**

These relate to the safekeeping and administration of the Scheme Property and are levied on the value of the relevant items; the charges vary by country, from 0.01% to 0.20%.

### **Expenses**

The Depositary is also entitled to be reimbursed out of the property of the Company for its expenses properly incurred in performing duties imposed (or exercising powers conferred) upon it by the Regulations.

Expenses of the Depositary which are attributable to a given Fund will be borne by that Fund. Expenses attributable to the Company as a whole will be paid out of such Funds as the ACD may determine in a manner which the ACD considers is fair to the Shareholders of the Company generally.

Those duties include:

- (a) dealing with, and custody of, assets of each Fund (including effecting foreign currency and efficient portfolio management transactions, insurance of documents, and effecting borrowings). This will include in particular all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (b) submission of tax returns;
- (c) handling of tax claims;
- (d) preparing its annual report;

- (e) supervision of certain of the ACD's activities;
- (f) functions in relation to Meetings and communicating with Shareholders;
- (g) all charges and expenses incurred in connection with the collection and distribution of income;
- (h) all charges and expenses incurred in relation to stock lending;
- (i) clearing and dispatching distribution warrants;
- (j) supervision of certain of the activities of the Authorised Corporate Director;
- (k) other duties imposed upon the Depositary by the Regulations or the general law.

In circumstances where any of the above categories of expense represent payments intended to reimburse any third party to whom the Depositary has delegated any of its functions (e.g. fees of sub-custodians), the Company may make such payments to the Depositary for the account of such third party or to such third party directly (as the Depositary may direct). The Depositary may also recover expenses where it has needed to obtain professional advice or engage in legal proceedings.

**Other Charges:** The Depositary is entitled to be reimbursed for actions such as money transfers (£15 each), proxy services (£20 each), foreign exchange transactions undertaken through a third party (£45 each) and account maintenance (£30 per month per account if number of accounts exceeds £10).

All these charges, fees and expenses carry VAT (where applicable).

### **3. FORMATION EXPENSES**

The costs of authorising any additional Fund will be borne by the Fund in question.

### **4. OTHER CHARGES AND EXPENSES**

In addition to the ACD's and Depositary's fees and expenses, the following expenses may also be payable by the Company out of its assets at the discretion of the ACD. Expenses may be paid by the Company out of the property of the Fund in relation to which they have been incurred, unless stated otherwise. To the extent any such fees, costs or expenses are treated as a capital expense of the Company, this may constrain capital growth.

#### **(a) Investment and borrowing costs and expenses**

- (i) The cost of investments acquired by each Fund.
- (ii) Brokers' commissions (excluding costs for research), fiscal charges and other disbursements which are necessarily incurred in effecting transactions for each Fund.
- (iii) Interest on permitted borrowings and charges incurred in effecting or terminating or negotiating or varying the terms of such borrowings.

**(b) Costs associated with the issue and redemption of Shares, distributions etc.**

- (i) Taxation and duties payable in respect of the Company or the issue of Shares.
- (ii) The net proceeds of redemption of Shares (after deduction of redemption charges etc.).
- (iii) Costs incurred in the production and despatch of dividends and distributions to Shareholders.

**(c) Regulatory registration fees etc.**

- (i) The fees of the FCA under the Act and COLL.
- (ii) Periodic fees of any regulatory authority in a country or territory outside the UK in which Shares are or may be marketed.
- (iii) Costs associated with the admission of Shares to listing on an exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the Shares and the periodic renewal of that listing, the cost of printing prospectus documentation therefor, and the cost of any creation, Conversion or cancellation of Shares associated therewith).
- (iv) Fees payable to FCA in relation to the filing of any details concerning the Company with the Registrar of Companies in accordance with the provisions of the OEIC Regulations.
- (v) Fees or costs associated with any CASS related support activity incurred by the Registrar.

**(d) Costs of, and arising from, Meetings etc.**

- (i) Any costs incurred in modifying the Instrument or the Prospectus, including costs incurred in respect of Meetings convened to sanction an appropriate resolution.
- (ii) Any costs incurred in respect of Meetings, whether convened by the ACD, or on a requisition by Shareholders other than the ACD, the Depositary or its associates.
- (iii) Certain liabilities of any collective investment scheme which has amalgamated with the Company if the relevant liabilities arose after the amalgamation.

**(e) Expenses of service providers to the Company**

- (i) The expenses of any person engaged by the ACD to assist it in the discharge of the ACD's duties as administrator of the Company (including expenses arising out of periodic valuations of the property of the Company, administration of Share dealing services, maintenance of



registers of Shareholders and such other matters as may be agreed between the ACD and the administrator(s) in question).

- (ii) Expenses from time to time payable to any person engaged by the ACD to provide it with investment advisory services.

(f) **Professional third party costs**

- (i) The audit fees properly payable and the proper expenses of the auditors (plus value added tax).
- (ii) Fees, disbursements and proper expenses (plus value added tax) of the Company's legal or other professional advisers in relation to advice sought by the Company (or by the ACD on the Company's behalf) as to any matter concerning the proper conduct of the Company's affairs and compliance with COLL or with the law relating to the affairs of the Company in any jurisdiction outside the UK.

(g) **Costs associated with the corporate functioning and governance of the Company**

- (i) Costs associated with the corporate secretarial operations of the Company (including provision of minute books and other corporate documentation).
- (ii) Any costs incurred in relation to insurance policies taken out in relation to the Company, each Fund and the ACD, and in relation to renewal of any such policies from time to time.

(h) **Publicity and Promotional Expenses**

- (i) The cost of preparation, production, printing and despatch of this Prospectus, including reprints thereof and printing of future editions thereof.
- (ii) The cost of preparation, production, printing and despatch of annual and other periodic reports.
- (iii) The cost of producing (i.e. preparing and printing) any key investor information document in respect of each Class of Share.
- (iv) Costs incurred in the publication and circulation of the price of and net asset value of Shares of any Class from time to time.

- (i) any other charges/expenses that may be taken out of the Company's property in accordance with COLL.

The Company (or the Fund to which the payment relates) will also be responsible for payment of value added tax and any other relevant tax or imposition that relates to each and every such category of cost, fee, expense or payment identified above. Where costs cannot be allocated specifically to only one Fund they will be shared between the Funds as may be equitable. This will normally be across all Funds pro-rata to the value of the net assets of the Funds.

## **5. ANNUAL MANAGEMENT CHARGES**

Each Share Class carries an annual management charge. Details of these charges are set out at Section 1.B.3 (Share Classes).

## **E. TAXATION**

### **1. SUMMARY**

The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of Investment Companies with Variable Capital ("ICVC") and Shareholders who are UK tax resident. However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. Investors are advised to consult their professional tax adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

### **2. TAXATION OF THE COMPANY**

The Company is an umbrella ICVC and each Fund is treated as a separate Authorised Investment Fund for tax purposes.

A 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.

Where the relevant 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 funding the interest distributions.

Dividend income received by a 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 in calculating the amount of that income subject to corporation tax.

#### **(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 a Fund should be considered to be trading in securities for tax purposes, any gains made by it 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 an SDRT charge where Shares are surrendered and the investors receive assets from the relevant Fund (rather than cash) which are not in proportion to each investor's share of the total assets held by the relevant Fund.

**3. 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 it. 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 relevant Fund.

Where more than 60% of a Fund is invested in "qualifying investments" (broadly speaking interest paying investments, see further below) the Company will make an interest distribution. Where this is not the case, distributions made by the Company will be dividend distributions.

All Shareholders will be sent tax vouchers stating the make-up of their distributions and showing their taxable income.

(i) **Interest Distributions**

(A) *UK resident individuals*

Interest distributions paid by the Company (save in respect of distributions to certain qualifying Shareholders) are treated as yearly interest and, as such, are subject to income tax.

No income tax is required to be deducted at source from interest distributions, with the result that Shareholders will receive interest distributions gross of any tax.

Basic rate taxpayers are entitled to a personal savings allowance, higher rate taxpayers are entitled to a reduced personal savings allowance and additional rate taxpayers have no personal savings allowance.

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).

(B) UK corporate Shareholders

If, at any point in an accounting period of a UK corporate Shareholder, a Fund fails to satisfy the "qualifying investment" test, Shares held by the UK corporate Shareholder in respect of such Fund are treated as if the Shares in respect of such a corporate's accounting period (including gains, profits and losses) are rights under a creditor loan relationship and 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% 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 UK corporate Shareholders may be paid without deduction of income tax at source.

(ii) **Dividend distributions**

Dividend distributions paid by the Company are treated as if they are dividends.

(A) UK Resident Individuals

UK resident individuals liable to income tax at the basic, higher or additional rate will be taxed at the appropriate dividend rate on the receipt of dividend distributions subject to the availability of allowances and reliefs including the annual dividend allowance.

(B) 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 tax certificate. 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 franked dividend portion should fall within an exemption from corporation tax.

(b) **Chargeable gains**

(i) 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 Shares. A switch of Funds is treated as a disposal for capital gains tax purposes. Gains will be tax-free if after deduction of allowable losses, they fall within an individual's annual capital gains exemption.

Gains in excess of the annual exemption amount are taxed at the lower rate of capital gains tax 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 and at the higher rate to the extent that they exceed that limit.

(ii) 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).

(c) **Stamp Duty Reserve Tax**

Generally, there will be no charge to SDRT when Shareholders surrender or redeem their Shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to SDRT may apply.

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

**4. OTHER INFORMATION**

(a) **Income Equalisation – tax implications**

The price of a Share of a particular Class is based on the value of that Class' entitlement in the Company, including the income of the Company 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 International Tax Compliance 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. If a Fund is elected into the TEF regime, the UK tax treatment of the Fund and its investors would be different to that set out above.

(d) **International Tax Compliance**

The Company is required to comply with the International Tax Compliance Regulations.

The International Tax Compliance Regulations transpose into UK law rules and obligations derived from international standards and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion. The regulations include rules derived from the US Foreign Account Tax Compliance Act (“FATCA”) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”).

To be compliant with the International Tax Compliance Regulations the Company must collect information about each Shareholder’s tax residence and, in certain circumstances, provide information about Shareholders’ shareholdings to HMRC. HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

**Shareholders should note that:**

- **they may be asked to provide additional information (including information regarding their tax residence) to the ACD or the Administrator to enable the Company to satisfy these obligations;**
- **the ACD or Administrator may report these details, along with information about a Shareholders’ holding, to HMRC; and**
- **HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.**

If a Shareholder fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in this Prospectus. The Shareholder may also be

liable for any penalties suffered by the ACD. The ACD may deduct the amount of any penalty from the Shareholder's account.

**F: ACCOUNTS AND REPORTS; INCOME ALLOCATION**

**1. ANNUAL AND HALF-YEARLY REPORTS**

The Company's annual accounting reference date (the "accounting reference date") is 15 November. The half-yearly accounting period ends on 15 May (the "interim accounting reference date").

The Company's annual report (the "long report") will be made available and published within 4 months after the end of each annual accounting period. A half yearly long report will be made available and published within two months after the end of each half-yearly accounting period. Copies of the annual and half-yearly long report may be obtained from the ACD (free of charge) at the addresses listed in the Prospectus.

**2. ALLOCATION OF INCOME**

The annual distribution date is 15 March in relation to each Fund. The TM Stonehage Fleming Opportunities Fund and the TM Stonehage Fleming International Fund have an additional interim distribution date of 15 July.

Income which has accrued to a Fund by an accounting date (be it an interim or a final accounting date) will be allocated to Shares in the Fund in question on the next following allocation date. For income Shares, income will be distributed to the Shareholders concerned by cheque. Shareholders will receive a statement of the tax deducted at source prior to the allocation being made (with regard to liability to tax, see Section 1.E above).

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund at the end of the relevant distribution period and is reflected in the price of an accumulation Share. Where Shares of any other Class (such as income Shares) were in issue in relation to the relevant period, the interests of holders of accumulation Shares in that amount must be satisfied by an adjustment at the end of the relevant accounting period in the proportion of the Scheme Property to which the price of an accumulation Share is related. This ensures that the price of an accumulation Share remains unchanged despite the transfer of income to capital property.

The Company operates a policy of income equalisation, which has been explained in Section 1.C.2 above.

As at the end of each annual and interim accounting period, the ACD must arrange for the Depositary to transfer the income payable for distribution attributable to the relevant Class to the distribution account of the relevant Fund.

In this context, income payable for distribution generally means all sums considered by the ACD, in each case after consultation with the Company's auditors, to be in the nature of income received or receivable for the account of and in respect of the property attributable to the relevant Fund, but excluding any amount (if any) for the time being standing to the credit of the distribution account.

The ACD need not comply with the above provisions for income Shares if the average of the allocations of income to the Shareholders of the relevant Fund would be less than £10 or such other amount agreed between the ACD and the Depositary. In that case, such amounts may be carried forward to the next interim accounting period and will be regarded as received at the start of that period. Otherwise, such sums may be credited to capital as determined by the ACD.

On or before each annual or interim income distribution date, the ACD must calculate the amount available for income distribution for the immediately preceding interim accounting period and must inform the Depositary of such amount.

The amount available for income distribution or accumulation is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the auditors) in relation to taxation and the proportion of the prices received or paid for Shares that relate to income (taking account of any provisions in the Instrument of Incorporation constituting the scheme relating to income equalisation), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

In relation to income Shares, on or before each relevant income distribution date, the ACD will instruct the depositary to enable it to distribute the income allocated to income Shares among the holders of such Shares and the ACD in proportion to the number of such Shares held, or treated as held, by them respectively at the end of the relevant period.

In calculating the amount to be distributed for income Shares, the ACD must deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period and deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income to the nearest one hundredth of a penny per income Share or such lesser fraction as the ACD may determine.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and revert to the relevant Fund, or if that no longer exists, to the Company. The payment of any unclaimed distribution, interest or other sum payable by the Company on or in respect of a Share into a separate account shall not constitute the Company a trustee thereof.

## **G: GENERAL AND MISCELLANEOUS**

### **1. CONFLICTS OF INTEREST**

The ACD may carry out transactions for the Company in which the ACD has a material interest (as defined in the rules of the FCA) or relating to which the ACD has a relationship which gives rise to a conflict, but the ACD will try to avoid conflicts of interest and when these cannot be avoided, will ensure the Shareholders are fairly treated.



The ACD and other companies within the ACD's group may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund or that a conflict exists between the Company and other funds managed by the ACD. The ACD will, however, have regard in such event to its obligations under the ACD Agreement and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will disclose these to Shareholders in the annual report or otherwise in an appropriate format.

## **2. TRANSFERS**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless an amount equivalent to the applicable SDRT (if applicable) has been paid.

## **3. INVESTING IN SHARES THROUGH THE SERVICES OF A FINANCIAL ADVISER**

If you acquire Shares through the agency of a financial adviser or after taking advice from a financial adviser, the rules of the regulatory body of which that adviser is a member may entitle you to cancel that contract. If you exercise that right to cancel, the ACD will ensure that your money is refunded, subject to whatever fall in the value of the Shares may have taken place between the time the contract was entered into and the time of its cancellation.

## **4. RISK FACTORS**

- (a) The price of Shares and the income that they generate can go down as well as up. A Shareholder may not be able to recover the total amount invested in Shares. Shares in all Funds should generally be regarded as a long-term investment.
- (b) Where an underlying investment of any Fund is not denominated in the currency of the Share Class which you hold, the effect of fluctuations in the rate of exchange between that currency and the currency of denomination of the investment may adversely affect the value of that investment, and this will be reflected in the value of Shares in that Fund.
- (c) Before investing, Shareholders should make specific enquiries as to whether, in view of their personal circumstances, an investment in Shares represents a significant risk for them. The statements in this Prospectus as to risk factors involved with investment in Shares are generic in nature, and are not intended to be exhaustive.

- (d) In certain circumstances, for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the ACD may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets. Derivatives transactions are currently used solely for the purposes of hedging and are not intended to increase the risk profile of the Funds or have an adverse impact on the volatility of the relevant Fund. Other EPM techniques such as securities lending may not involve use of derivatives but may nonetheless involve similar risks with regard to exposure to a counterparty to that arrangement and that counterparty's default. However, the Funds do not currently engage in securities lending activities.
- (e) **Funds: segregated liability.** Under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between 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, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.
- (f) The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances.
- (g) The **TM Stonehage Fleming AIM Fund** will invest in a relatively concentrated portfolio of stock, which may give rise to a greater volatility than other more diverse portfolios. In addition, the Fund's investment criteria is likely to result in it being invested in smaller companies. Securities issued by smaller companies tend to exhibit wider than average price fluctuations and the market for securities in smaller companies may be less liquid by comparison to the market for larger companies.
- (h) The ACD has discretion to pay some or all of the periodic charge, transaction charges out of the capital property of the Funds. To the extent that it does so, the capital growth of the relevant Fund may be constrained. The ACD's present intention is that not more than one half of its periodic charge entitlement will be debited to the capital property.
- (i) The **TM Stonehage Fleming International Fund** invests in a global portfolio in a variety of countries, and will therefore also be exposed to exchange rate risks.
- (j) From time to time, the **TM Stonehage Fleming International Fund**, may hold sub investment grade bonds. Such bonds have a lower credit rating and carry a higher degree of risk of default. Consequential there is a greater risk that you may lose the full amount that was invested in them.

(k) **Exchange-Traded Funds**

An investment by a Fund in Exchange Traded Funds (or an ETF) generally presents the same primary risks as an investment in a collective investment fund. Funds 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:

- (1) a discount of the ETF's shares to its net asset value;
- (2) 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 Funds to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;
- (3) the listing / relevant exchange halting trading of the ETF's shares;
- (4) failure of the ETF's shares to track the quoted reference index;
- (5) the re-weighting of; and
- (6) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which a Fund 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 a Fund 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 Fund indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an ongoing 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.

**Exchange Traded Notes**

Exchange Traded Notes (or an ETN) 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.

**(l) 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 is 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.

**(m) Infectious diseases**

Infectious diseases that pose significant threats to human health may be highly disruptive to global economies and markets. The economic and market disruptions caused by infectious diseases could significantly impact the value of the Scheme Property of the Company and the value of distributions paid to investors.

**(n) Custody risk**

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.

## **5. INSPECTION OF DOCUMENTS AND SUPPLY OF COPIES**

The Instrument, the prospectus and the most recent annual and half-yearly reports of the Company, may be inspected during normal business hours on any Business Day at the offices of the ACD. Copies of these documents may be obtained from the ACD as further described below under Section 1.G.8 (Documents and information available).

## **6. COMPLAINTS**

Complaints concerning the operation or marketing of the Company may be referred to the ACD at Exchange Building, St John's Street, Chichester, PO19 1UP. If an investor is dissatisfied with the response received, complaints may be referred to The Financial Ombudsman Service, The Financial Ombudsman Service, Exchange Tower, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

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

The Financial Services Compensation Scheme has been established under the rules of the

FCA as a "rescue fund" for certain clients of firms authorised and regulated by the FCA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at [www.fscs.org.uk](http://www.fscs.org.uk) or by writing to the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

## **7. GENUINE DIVERSITY OF OWNERSHIP**

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Fund) and institutional investors.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

## **8. DOCUMENTS AND INFORMATION AVAILABLE**

Copies of the following documents are available for all Shareholders on request, free of charge from the ACD at Exchange Building, St John's Street, Chichester, PO19 1UP:

- Latest version of the Prospectus;
- Latest version of the Instrument of Incorporation which constitutes the Company and the Funds;
- Latest annual and half-yearly long reports applying to each of the Funds;
- Supplementary information relating to the quantitative limits which apply to the risk management of the Company and the Funds, the methods used for the purposes of such risk management and any recent developments which relate to the risk and yields of the main categories of investment which apply to the Company and Funds; and
- The following material contracts:
  - the ACD Agreement; and
  - the Depositary Agreement.

The above documents are also available for inspection on any Business Day during normal business hours at the offices of the ACD.

## **9. STRATEGY FOR THE EXERCISE OF VOTING RIGHTS**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Fund. A summary of this strategy is available from the ACD on request. Voting records and further details of the actions taken on the basis of this strategy in relation to each Fund are available free of charge from the ACD on request.

## **10. INDUCEMENTS AND SOFT COMMISSION**

Where Shares are sold to retail investors who employ the services of an intermediary, the ACD may, in certain circumstances and subject to the FCA Rules, make commission payments to that intermediary out of fees due to the ACD comprising an initial sales commission and/or an annual commission payment based on the value of the investor's holding.

The provision of benefits described above will not result in any additional cost to the Company or the Funds.

The ACD will make disclosures to the Company in relation to inducements as required by the Rules.

Further details of any such inducements may be obtained on request from the ACD.

## **11. UNCLAIMED CASH AND ASSETS**

Any cash (other than unclaimed distributions) or assets due to Shareholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) will cease to be client money or client assets and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders regarding unclaimed cash or assets in accordance with the requirements set out Client Money Rules which are contained in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

If the client money or client assets are equal to or below a de minimis amount set by the FCA (£100 or less for professional Shareholders) the steps the ACD must take to trace the relevant Shareholders before paying the money or assets to charity are less but the ACD will still make efforts to contact you.

## **12. TRANSFERS OF CASH TO ANOTHER ACD**

Whilst the ACD has no intention of doing so, if in the future, the ACD transfers its business to another open-ended investment company with variable capital incorporated under the OEIC Regulations manager or third party it may transfer any client money it holds at that time to that other manager or third party without obtaining Shareholders' specific consent at that time provided the ACD with its duties under the Client Money Rules which are contained in the FCA Handbook at the time of the transfer.

## **13. NOTICE TO SHAREHOLDERS**

- 1) Any notice or document to be served upon a Shareholder will be duly served if it is:
  - a) delivered to the Shareholder's address as appearing in the Register; or
  - b) delivered by using an electronic medium (if relevant).
- 2) 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.
- 3) Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

- 4) 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:
- a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - b) is capable of being provided in hard copy by the ACD;
  - c) enables the recipient to know or record the time of receipt; and
  - d) is reasonable in the context.

#### **14. DATA PROTECTION**

The Company acts as data controller for the purposes of the Data Protection Laws and accordingly personal data of Shareholders may be processed, transferred, and/or disclosed by the Company, its agents, appointees (including the ACD, Administrator, Depositary and Registrar) and associates for the following purposes:

- subscribing, redeeming, or transferring Shares and complying with your instructions in connection therewith;
- providing ancillary administrative and management services in connection with your investment;
- compliance with anti-money laundering and other foreign and domestic legal and regulatory obligations;
- monitoring and/or recording of telephone calls and emails in order to detect and prevent fraud and/or to confirm and aid the accurate implementation of your instructions;
- sending you information on other products and services which may be of interest to you (unless you have notified the ACD in writing that you do not wish to receive such information).

##### **Data Protection: General**

The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the ACD's agreement with each Shareholder. This may include the transfer of such data to other members of the ACD's group and to other businesses providing services to the ACD (including their offices outside the UK), where the transfer is necessary for the provision of services in relation to the ACD's role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the ACD will take steps to ensure that your privacy rights are respected.

Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the ACD's Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## **15. TELEPHONE CALLS**

Telephone calls may be recorded for regulatory, training or monitoring purposes.

Recordings will be provided on request for a period of least five years from the date of such recording or, where requested by a competent authority, for a period of seven years where the ACD can identify the call. If an investor asks the ACD to send a recording of a particular call the ACD may ask for further information to help identify the exact call to which the request relates to.

## **16. 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 including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on [www.tutman.co.uk](http://www.tutman.co.uk). A paper copy of such information can be obtained (free of charge) upon request at the offices of the ACD.

## **17. BENCHMARK REGULATION**

The Reference Benchmark is provided by a benchmark administrator included in the register maintained by ESMA under the Benchmark Regulation. The ACD has in place and maintains robust written plans setting out the actions that it would take in the event that a benchmark is materially changed or ceases to be provided.



## **SECTION 2: INVESTMENT AND BORROWING POWERS**

### **1. Introduction**

This Section sets out in general terms the investment and borrowing powers applicable to the Company.

It is not intended that any Fund will have an interest in any immovable property or tangible movable property.

**The Company may exercise, in respect of each Fund, the full powers permitted by COLL applicable to a UK UCITS. However, this is subject to the applicable investment restrictions set out in COLL, the Company's Instrument, this Prospectus and the Funds' investment objectives and policies.**

### **2. Prudent spread of risk**

2.1 The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.

2.2 The rules in this Section 2 relating to spread of investments do not apply until the expiry of a period of six months after the date of which the authorisation order, in respect of each Fund, takes effect (or on which the initial offer commenced if later) provided that paragraph 2.1 is complied with during such period.

### **3. Treatment of obligations**

3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only if possible obligations arising out of the transaction or out of the retention would not cause the breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the authorised fund under any other of those rules has also to be provided for.

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

3.2.1 it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and

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

### **4. UK UCITS – permitted types of Scheme Property**

4.1 The Scheme Property of a Fund must, subject to its investment objective and policy and except where otherwise provided in COLL 5, only consist of any or all of:

4.1.1 transferable securities;

4.1.2 approved money-market instruments;

- 4.1.3 deposits;
- 4.1.4 units in collective investment schemes;
- 4.1.5 derivatives and forward transactions; and
- 4.1.6 movable or immovable property that is necessary for the direct pursuit of the Company's business,

in accordance with the rules in COLL 5.2.

## 5. **Transferable Securities**

5.1 A transferable security is an investment which is any of the following:

- 5.1.1 a share;
- 5.1.2 a debenture;
- 5.1.3 an alternative debenture;
- 5.1.4 a government and public security;
- 5.1.5 a warrant; or
- 5.1.6 a certificate representing certain securities.

5.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

5.3 In applying paragraph 5.2 to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

5.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

5.5 No more than 5% of the value of the Scheme Property may be invested in warrants.

## 6. **Investment in transferable securities**

6.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 6.1.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- 6.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder;
- 6.1.3 reliable valuation is available for it as follows:

- 6.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
- 6.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 6.1.4 appropriate information is available for it as follows:
  - 6.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 6.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 6.1.5 it is negotiable; and
- 6.1.6 its risks are adequately captured by the risk management process of the ACD.
- 6.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
  - 6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and
  - 6.2.2 to be negotiable.
- 7. **Closed end funds constituting transferable securities**
- 7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 6 (Investment in transferable securities), and either:
  - 7.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 7.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

- 7.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 7.1.2 where the closed end fund is constituted under the law of contract:
    - 7.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 7.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
8. **Transferable securities linked to other assets**
- 8.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
    - 8.1.1 fulfils the criteria for transferable securities set out in paragraph 6 (Investment in transferable securities); and
    - 8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
  - 8.2 Where an investment in paragraph 8.1 contains an embedded derivative component (see paragraph 23.4), the requirements of this Section 2 with respect to derivatives and forwards will apply to that component.
9. **Approved money-market instruments**
- 9.1 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.
  - 9.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
    - 9.2.1 has a maturity at issuance of up to and including 397 days;
    - 9.2.2 has a residual maturity of up to and including 397 days;
    - 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
    - 9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in paragraph 9.2.3.
  - 9.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder.

9.4 A money-market instrument shall be 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:

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

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

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

## 10. **Transferable securities and approved money-market instruments generally to be admitted to or dealt in on an eligible market**

10.1 Transferable securities and approved money-market instruments held within a Fund must be:

10.1.1 admitted to or dealt in on an eligible market within paragraph 11.1.1; or

10.1.2 dealt in on an eligible market within paragraph 11.1.2; or

10.1.3 admitted to or dealt in on an eligible market within paragraph 11.2; or

10.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within paragraph 12.2; or

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

10.2 However, a Fund may invest no more than 10% of its Scheme Property in transferable securities other than those referred to in paragraph 10.1.

## 11. **Eligible markets requirements**

11.1 A market is eligible for the purposes of the rules in COLL if it is:

11.1.1 a regulated market; or

11.1.2 a market established in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or

11.1.3 any market within paragraph 11.2.

11.2 A market not falling within paragraph 11.1.1 or 11.1.2 is eligible for the purposes of the rules in COLL if:

- 11.2.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 11.2.2 the market is included in a list in the Prospectus; and
  - 11.2.3 the Depositary has taken reasonable care to determine that:
    - 11.2.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 11.2.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 11.3 In paragraph 11.2.1, "market" must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 11.4 The eligible markets in which the Funds may invest are set out in Section 3.
- 12. Money-market instruments with a regulated issuer**
- 12.1 Each Fund (except the TM Stonehage Fleming AIM Fund and the TM Stonehage Fleming Opportunities Fund) may invest in an approved money-market instrument in accordance with the provisions of this Section 2.
- 12.2 In addition to instruments admitted to or dealt in on an eligible market a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 12.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 12.2.2 the instrument is issued or guaranteed in accordance with paragraph 13 (Issuers and guarantors of money-market instruments).
- 12.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 12.3.1 the instrument is an approved money-market instrument;
  - 12.3.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 14 (Appropriate information for money-market instruments); and
  - 12.3.3 the instrument is freely transferable.

### 13. **Issuers and guarantors of money-market instruments**

13.1 A Fund may invest in an approved money-market instrument if it is:

13.1.1 issued or guaranteed by any one of the following:

13.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

13.1.1.2 a regional or local authority of the United Kingdom or an EEA State;

13.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;

13.1.1.4 the European Union or the European Investment Bank;

13.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

13.1.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or

13.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

13.1.3 issued or guaranteed by an establishment which is:

13.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law; or

13.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

13.2 An establishment shall be considered to satisfy the requirement in 13.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

13.2.1 it is located in the European Economic Area;

13.2.2 it is located in an OECD country belonging to the Group of Ten;

13.2.3 it has at least investment grade rating;

13.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

### 14. **Appropriate information for money-market instruments**

14.1 In the case of an approved money-market instrument within paragraph 13.1.2 or issued by a body of the type referred to in COLL 5.2.10EG; or which is issued by an authority within paragraph 13.1.1.2 or a public international body within paragraph 13.1.1.6 but is not guaranteed by a central authority within paragraph 13.1.1.1, the following information must be available:

14.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

14.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

14.1.3 available and reliable statistics on the issue or the issuance programme.

14.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 13.1.3, the following information must be available

14.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

14.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

14.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

14.3 In the case of an approved money-market instrument:

14.3.1 within paragraphs 13.1.1.1, 13.1.1.4 or 13.1.1.5; or

14.3.2 which is issued by an authority within paragraph 13.1.1.2 or a public international body within paragraph 13.1.1.6 and is guaranteed by a central authority within paragraph 13.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 15. **Spread: general**

15.1 This paragraph 15 on spread does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 17 (Spread: Government and public securities) below applies.

15.2 For the purposes of this paragraph 15 companies included in the same group for the purposes of consolidated accounts as defined in accordance with s. 399 of the Companies Act 2006, Directive 2013/34/EU, or in the same group in accordance with international accounting standards, are regarded as a single body.



- 15.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 15.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body.
- 15.5 The limit of 5% in paragraph 15.4 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.
- 15.6 The limit of 5% in paragraph 15.4 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when a Fund invests 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.
- 15.7 In applying paragraphs 15.4 and 15.5, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 15.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property; this limit being raised to 10% where the counterparty is an Approved Bank.
- 15.9 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group (as referred to in paragraph 15.2).
- 15.10 Not more than 20% in value of a Fund is to consist of the units of any one collective investment scheme.
- 15.11 In applying the limits in paragraphs 15.3, 15.4, 15.5, 15.7 and 15.8 in relation to a single body, and subject to 15.6, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 15.11.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
  - 15.11.2 deposits made with that body; or
  - 15.11.3 exposures from OTC derivatives transactions made with that body.
16. **Counterparty risk and issuer concentration**
- 16.1 The ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs 15.8 and 15.11 above.
- 16.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 15.8, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 16.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided:

- 16.3.1 the ACD is able legally to enforce netting agreements with the counterparty on behalf of the Fund; and
- 16.3.2 the netting agreements in paragraph 16.3.1 above do not apply to any other exposures the Fund may have with that same counterparty.
- 16.4 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.
- 16.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 15.8 when it passes collateral to the counterparty to an OTC derivative transaction on behalf of a Fund.
- 16.6 Collateral passed in accordance with paragraph 16.5 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 Fund.
- 16.7 The ACD must calculate the issuer concentration limits referred to in paragraph 15 on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- 16.8 In relation to exposures arising from OTC derivative transactions, as referred to in paragraph 15.11, the ACD must include in the calculation any counterparty risk relating to the OTC derivative transactions.
- 17. **Spread: Government and public securities**
- 17.1 This paragraph 17 applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:
  - 17.1.1 the United Kingdom or an EEA State;
  - 17.1.2 a local authority of the United Kingdom or an EEA State;
  - 17.1.3 a non-EEA State; or
  - 17.1.4 a public international body to which the United Kingdom or one or more EEA States belong.
- 17.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued or guaranteed by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 17.3 **A Fund may invest more than 35% in value of the Scheme Property in such securities issued or guaranteed by any one body provided that:**
  - 17.3.1 **the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;**

- 17.3.2 **no more than 30% in value of the Scheme Property consists of such securities of any one issue;**
- 17.3.3 **the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and**
- 17.3.4 **the disclosures in COLL 3.2.6R(8) (Table: contents of the instrument constituting the fund) and COLL 4.2.5R(3)(i) (Table: contents of the prospectus) have been made.**

**In giving effect to the foregoing, more than 35% of the property of each of the Funds may be invested in such securities issued or guaranteed by:**

- 17.3.5 **the Governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, the UK or the United States; or**
- 17.3.6 **the Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), Kreditanstalt Fuer Wiederaufbau (KfW), LCR Finance PLC, and the Nordic Investment Bank (NIB).**

17.4 In this paragraph 17 in relation to such securities:

- 17.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 17.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

17.5 Notwithstanding paragraph 15.1 and subject to paragraphs 17.2 and 17.3, in applying the 20% limit in paragraph 15.11 with respect to a single body, such securities issued by that body shall be taken into account.

## **18. Investment in collective investment schemes**

18.1 A Fund must not invest in units in a collective investment scheme ("Second Scheme") unless the Second Scheme satisfies all of the following conditions, and provided that no more than 30% of the value of the Fund is invested in Second Schemes within paragraph 18.1.1.2 to 18.1.1.5:

18.1.1 the Second Scheme must:

- 18.1.1.1 be a UK UCITS or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

- 18.1.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR, as set out in paragraph 18.1.5, are met); or
- 18.1.1.3 be authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4), as set out in paragraphs 18.1.5.1, 18.1.5.3 and 18.1.5.4, are met); or
- 18.1.1.4 be authorised in an EEA State (provided the requirements of COLL 5.2.13AR, as set out in paragraph 18.1.5, are met); or
- 18.1.1.5 be authorised by the competent authority of an OECD member country (other than an 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 COLL 5.2.13AR, as set out in paragraph 18.1.5, are met).
- 18.1.2 the Second Scheme must comply, where relevant, with paragraphs 18.2, 18.5 and 18.6 below;
- 18.1.3 the Second Scheme must have terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes; and
- 18.1.4 where the Second Scheme is an umbrella, the provisions in paragraph 15 and paragraphs 18.1.2 and 18.1.3 apply to each sub-fund as if it were a separate scheme.
- 18.1.5 The requirements referred to in paragraph 18.1.1 are that:
  - 18.1.5.1 the Second Scheme is an undertaking:
    - (a) with the sole object of collective investment in transferable securities or in other liquid financial assets, as referred to in this chapter, of capital raised from the public and which operate on the principle of risk-spreading; and
    - (b) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of

those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);

18.1.5.2 the Second Scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the United Kingdom, and that cooperation between the FCA and the supervisory authorities of the Second Scheme is sufficiently ensured;

18.1.5.3 the level of protection for unitholders in the Second Scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of COLL 5; and

18.1.5.4 the business of the Second Scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

18.2 A Fund may invest in, and the Scheme Property of the Fund may include, units in collective investment schemes managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director) the ACD or an associate of the ACD (including other Funds of the Company) provided paragraphs 18.5 and 18.6 are complied with.

18.3 The Scheme Property attributable to the investing or disposing Fund may include shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 18.4 below.

18.4 A Fund may invest in or dispose of shares of a Second Fund provided that:

18.4.1 the Second Fund does not hold shares in any other Fund of the Company;

18.4.2 the requirements set out at paragraphs 18.5 and 18.6 are complied with, with references to the "Second Scheme" being taken to be references to the Second Fund; and

18.4.3 not more than 20% in value of the Scheme Property of the investing or disposing Fund is to consist of shares in the Second Fund.

18.5 A Fund must not invest in or dispose of units in another collective investment scheme (the Second Scheme), which is managed or operated by (or in the case

of an open-ended investment company has as its authorised corporate director) the ACD, or an associate of the ACD, unless:

18.5.1 there is no charge in respect of the investment in or the disposal of units in the Second Scheme; or

18.5.2 where there is a charge in respect of such investment or disposal, the ACD pays to the Fund the amounts referred to in paragraphs 18.5.2.1 and 18.5.2.2 within four Business Days following the date of the agreement to invest or dispose.

18.5.2.1 When an investment is made, the amount referred to in 18.5.2 is either:

(a) any amount by which the consideration paid by the Fund for the units in the Second Scheme exceeds the price that would have been paid for the benefit of the Second Scheme had the units been newly issued or sold by it; or

(b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the Second Scheme.

18.5.2.2 When a disposal is made, the amount referred to in 18.5.2 is any charge made for the account of the authorised fund manager or operator of the Second Scheme or an associate of any of them in respect of the disposal.

18.6 In paragraph 18.5:

18.6.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the Second Scheme, which is applied for the benefit of the Second Scheme and is, or is like, a dilution levy made in accordance with COLL 6.3.8R is to be treated as part of the price of the units and not as part of any charge; and

18.6.2 any switching charge made in respect of an exchange of units in one sub-fund or separate part of the Second Scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

18.7 Where a substantial proportion of a Fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the Fund, and to the other collective investment schemes in which it invests, should not exceed 2.5% per annum (plus VAT, if applicable).

19. **Investment in nil and partly paid securities**

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

20. **Investment in deposits**

**Each of the Funds except the TM Stonehage Fleming AIM Fund and the TM Stonehage Fleming Opportunities Fund may invest in deposits, but only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.**

21. **Use of derivatives: general**

21.1 **The Funds may enter into derivatives and forward transactions for hedging purposes only, as described in paragraph 22 (Efficient portfolio management techniques). It is not expected that investment in derivatives will affect the volatility of the Funds.**

21.2 The eligible derivatives markets on which the Company may deal are set out in Section 3.

22. **Efficient portfolio management techniques**

22.1 The ACD may apply any efficient portfolio management techniques that are permitted by COLL (i.e. arrangements that are economically appropriate for (i) the reduction of risk, (ii) the reduction of cost or (iii) the generation of additional capital or income for a Fund with a risk level which is consistent with the risk profile of that Fund and the risk diversification limits laid down in COLL. Transactions may not be entered into for speculative purposes.

22.2 Efficient portfolio management techniques employ the use of derivatives and/or forward transactions and may also involve stock lending or repurchase or reverse repurchase transactions. EPM transactions undertaken in respect of a Fund must be in line with the best interests of a Fund. Any derivative which a Fund acquires in relation to efficient portfolio management must be fully covered from within the property of that Fund. The cover provided will depend on the nature of the exposure. Cover may be provided through the holding of certain classes of property (including cash, near cash, borrowings permitted to the Fund and transferable securities appropriate to provide cover for the exposure in question) and/or rights to acquire or dispose of property. Cover for a derivative may also be provided by entering into one or more countervailing derivatives.

22.3 Any income or capital generated by EPM transactions, net of direct or indirect operational costs, will be paid to the relevant Fund.

23. **Derivatives: general**

23.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 24 (Permitted transactions (derivatives and forwards)) below; and the transaction is covered, as required by paragraph 36 (Cover for transactions in derivatives and forward transactions).

23.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 15 (Spread: general) and 17 (Spread: Government and public securities) save as provided in paragraph 23.6.

23.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this Section 2.

23.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

23.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, Financial Instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

23.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

23.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

23.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

23.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 25 (Financial indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of the paragraphs 15 (Spread: general) and 17 (Spread: Government and public securities). This relaxation is subject to the ACD taking account of paragraph 2.

24. **Permitted transactions (derivatives and forwards)**

24.1 A transaction in a derivative must:

24.1.1 be in an approved derivative; or

24.1.2 be one which complies with paragraph 28 (OTC transactions in derivatives).



- 24.2 The underlying of a transaction in a derivative must consist of any one or more of the following to which the Fund is dedicated:
- 24.2.1 transferable securities permitted under paragraphs 10.1.1 to 10.1.3 and 10.1.5;
  - 24.2.2 approved money-market instruments permitted under paragraphs 10.1.1 to 10.1.4;
  - 24.2.3 deposits permitted under paragraph 20;
  - 24.2.4 derivatives permitted under this paragraph 24;
  - 24.2.5 collective investment scheme units permitted under paragraphs 18.1.1 to 18.1.4;
  - 24.2.6 financial indices which satisfy the criteria set out in paragraph 25;
  - 24.2.7 interest rates;
  - 24.2.8 foreign exchange rates; and
  - 24.2.9 currencies.
- 24.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 24.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument and the most recently published version of this Prospectus.
- 24.5 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, approved money-market instruments, units in collective investment schemes, or derivatives provided that the sale is not to be considered as uncovered if the conditions in paragraph 27 (Requirement to cover sales), as read in accordance with the guidance at COLL 5.2.22AG, are satisfied.
- 24.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 24.7 A derivative includes an instrument which fulfils the following criteria:
- 24.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 24.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 4 including cash;
  - 24.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 28.
  - 24.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of

asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

24.8 A Fund may not undertake transactions in derivatives on commodities.

25. **Financial indices underlying derivatives**

25.1 The financial indices referred to in paragraph 24.2.6 are those which satisfy the following criteria:

25.1.1 the index is sufficiently diversified;

25.1.2 the index represents an adequate benchmark for the market to which it refers; and

25.1.3 the index is published in an appropriate manner.

25.2 A financial index is sufficiently diversified if:

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

25.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Section 2; and

25.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Section 2.

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

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

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

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

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

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

- 25.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 25.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 24.2, be regarded as a combination of those underlyings.
26. **Transactions for the purchase of property**
- A derivative or forward transaction which would or could lead to the delivery of property for the account of a Fund may be entered into only if such property can be held for the account of the Fund, and the ACD having taken reasonable care determines that delivery of the property pursuant to the transaction will not lead to a breach of the rules in COLL.
27. **Requirement to cover sales**
- 27.1 No agreement by or on behalf of a Fund to dispose of property or rights (except for a deposit) may be made unless:
- 27.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- 27.1.2 the property and rights above are owned by the Fund at the time of the agreement.
- 27.2 The requirement in paragraph 27.1 can be met where:
- 27.2.1 the risks of the underlying Financial Instrument of a derivative can be appropriately represented by another Financial Instrument and the underlying Financial Instrument is highly liquid; or
- 27.2.2 the ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the Scheme Property which falls within one of the following asset classes:
- 27.2.2.1 cash;
- 27.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
- 27.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 27.3 In the asset classes referred to in 27.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the Financial Instrument on its own market.

28. **OTC transactions in derivatives**

28.1 Any transaction in an OTC derivative under paragraph 24.1.2 must be:

28.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

28.1.1.1 an Eligible Institution or an Approved Bank;

28.1.1.2 a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;

28.1.1.3 a CCP that is authorised in that capacity for the purposes of EMIR;

28.1.1.4 a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or

28.1.1.5 to the extent not already covered above, a CCP supervised in a jurisdiction that:

(a) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and

(b) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;

28.1.2 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:

28.1.2.1 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

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

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

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

- 28.1.3.2 if the value referred to in paragraph 28.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 28.1.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 28.1.4.1 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
  - 28.1.4.2 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.
- 28.2 The jurisdictions that fall within paragraph 28.1.1.5 above are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.
- 28.3 For the purposes of paragraph 28.1.2, "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.
- 28.4 The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs 28.1.1 to 28.1.4.
- 29. **Valuation of OTC derivatives**
- 29.1 For the purposes of paragraph 28.1.2, the ACD must:
  - 29.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
  - 29.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 29.2 Where the arrangements and procedures referred to in paragraph 29.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6A.4R (5) and (6) (Due diligence requirements of AFMs of UCITS schemes).
- 29.3 The arrangements and procedures referred to in this paragraph 29 must be:
  - 29.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 29.3.2 adequately documented.
- 30. **Risk management**

- 30.1 The ACD uses a risk management process in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
- 30.1.1 a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.
  - 30.1.2 the methods for estimating risks in derivative and forward transactions.
- 30.2 The ACD must assess, monitor and periodically review:
- 30.2.1 the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5R; and
  - 30.2.2 the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.
- 30.3 The ACD must notify the FCA in advance of any material alteration to the details above.

## 31. **Significant influence**

- 31.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
- 31.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
  - 31.1.2 the acquisition gives the Company that power.
- 31.2 For the purposes of paragraph 31.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 32. **Concentration**

A Fund:

- 32.1 must not acquire transferable securities (other than debt securities) which:
- 32.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

- 32.1.2 represent more than 10% of those securities issued by that body corporate;
- 32.2 must not acquire more than 10% of the debt securities issued by any single body;
- 32.3 must not acquire more than 25% of the units in a collective investment scheme;
- 32.4 no Fund may invest in approved money-market instruments, except where they fall within "cash" or "near cash" as defined in the FCA Glossary; and
- 32.5 need not comply with the limits in paragraphs 32.2 to 32.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

### 33. **Schemes replicating an index**

33.1 **Notwithstanding paragraph 15 (Spread: general), a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy of the Fund as stated in the most recently published version of this Prospectus is to replicate the composition of a relevant index which satisfies the criteria specified in paragraph 34 (Relevant indices).**

33.2 **Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.**

33.3 **The limit in paragraph 33.1 can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.**

### 34. **Relevant indices**

34.1 The indices referred to in paragraph 33 are those which satisfy the following criteria:

34.1.1 the composition is sufficiently diversified;

34.1.2 the index represents an adequate benchmark for the market to which it refers; and

34.1.3 the index is published in an appropriate manner.

34.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this Section 2.

34.3 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

34.4 An index is published in an appropriate manner if:

- 34.4.1 it is accessible to the public;
- 34.4.2 the index provider is independent from the index-replicating Fund; this does not preclude index providers and the Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

35. **Derivatives exposure**

- 35.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 35.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 36 (Cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of a Fund.
- 35.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

36. **Cover for transactions in derivatives and forward transactions**

- 36.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
  - 36.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and
  - 36.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 15 above.

37. **Cover and borrowing**

- 37.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 36 (Cover for transactions in derivatives and forward transactions) as long as the normal limits on borrowing (see below) are observed.
- 37.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.



37.3 The ACD must (as frequently as necessary), recalculate the amount of cover required in respect of derivatives and forward positions already in existence under this paragraph.

37.4 Derivatives and rights under forward transactions may be retained in the Scheme Property only so long as they remain covered globally under paragraph 36 (Cover for transactions in derivatives and forward transactions).

### 38. **Calculation of Global Exposure**

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

38.2 The ACD must calculate the global exposure of any Fund it manages either as:

38.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives), which may not exceed 100% of the net value of the Scheme Property; or

38.2.2 the market risk of the Scheme Property.

38.3 For the purposes of this paragraph 38 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.

38.4 The ACD must calculate the global exposure of a Fund by using:

38.4.1 commitment approach; or

38.4.2 the value at risk approach.

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

38.5.1 the investment strategy pursued by the Fund;

38.5.2 types and complexities of the derivatives and forward transactions used; and

38.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

38.6 Where a Fund 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.

### 39. **Cash and near cash**

39.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

39.1.1 redemption of Shares; or

- 39.1.2 efficient management of a Fund in accordance with its investment objectives; or
  - 39.1.3 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 39.2 The ACD may vary the level of cash actually held within the Company in accordance with changes or anticipated changes in market conditions (usually up to a maximum of 10% of the value of each Fund, although this limit may be exceeded where, in the opinion of the ACD, market conditions, in particular the temporary absence of suitable investment opportunities, require it). During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.
- 39.3 In addition to paragraphs 39.1 and 37.2, each of the Funds may also use cash and near cash for the pursuit its investment objectives.
- 40. **General power to borrow**
- 40.1 A Fund may, in accordance with this paragraph and paragraph 41 (Borrowing limits), borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of a Fund to comply with any restriction in the instrument constituting the Fund.
- 40.2 A Fund may borrow under paragraph 40.1 only from an Eligible Institution or an Approved Bank.
- 40.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:
  - 40.3.1 the duration of any period of borrowing; and
  - 40.3.2 the number of occasions on which resort is had to borrowing in any period.
- 40.4 The ACD must ensure that no period of borrowing exceeds three months, without the consent of the Depositary.
- 40.5 The ACD must ensure that the borrowing does not, on any business day, exceed 10% of the value of the property of each Fund.
- 40.6 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.
- 40.7 A Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 40.1 to 40.6.

#### 41. **Borrowing limits**

41.1 The ACD must ensure that a Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property of a Fund.

41.2 In this paragraph 41 (Borrowing limits), "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.

41.3 The borrowing limits do not apply to "back to back" borrowing under paragraph 37.2.

#### 42. **Restrictions on lending of money**

42.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

42.2 Acquiring a debenture is not lending for the purposes of paragraph 42.1; nor is the placing of money on deposit or in a current account.

42.3 Paragraph 42.1 does not prevent a Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

#### 43. **Restrictions on lending of property other than money**

43.1 The Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.

43.2 Transactions permitted by paragraph 47 (Stock lending) are not lending for the purposes of paragraph 43.1.

43.3 The Scheme Property of a Fund must not be mortgaged.

43.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

44. **General power to accept or underwrite placings**

44.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument.

44.2 This paragraph 44 applies, subject to paragraph 44.3, to any agreement or understanding:

44.2.1 which is an underwriting or sub-underwriting agreement; or

44.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.

44.3 Paragraph 44.2 does not apply to:

44.3.1 an option; or

44.3.2 a purchase of a transferable security which confers a right:

44.3.2.1 to subscribe for or acquire a transferable security; or

44.3.2.2 to convert one transferable security into another.

44.3.3 The exposure of a Fund to agreements and understandings within paragraph 44.2 must, on any business day:

44.3.3.1 be covered in accordance with the requirements of COLL 5.3.3AR; and

44.3.3.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL 5.

45. **Guarantees and indemnities**

45.1 A Fund or the Depositary for the account of a Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

45.2 None of the Scheme Property of a Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

45.3 Paragraphs 45.1 and 45.2 do not apply in respect of a Fund to:

45.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA Rules;

45.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

45.3.3 an indemnity (other than any provision in it which is void under regulation

62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

- 45.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company or a Fund and the holders of units in that scheme become the first Shareholders in the Company or a Fund.

46. **Schemes replicating an index**

- 46.1 **In the case of a Fund replicating an index under paragraph 33 the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.**

47. **Stock lending**

- 47.1 As an extension of efficient portfolio management techniques explained above, the Company or the Depositary at the request of the Company, may enter into certain stock lending arrangements or repo contracts if the arrangement or contract is (i) for the account of and for the benefit of the Fund; and (ii) in the best interest of its Shareholders.

- 47.2 An arrangement or contract referenced above is not in the interests of Shareholders unless it reasonably appears to the Company or the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

- 47.3 Any stock lending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:

- 47.3.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

- 47.3.2 the counterparty is:

47.3.2.1 an authorised person; or

47.3.2.2 a person authorised by a Home State regulator; or

47.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

47.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at

least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and

- 47.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 47.3.1 and the collateral is:
  - 47.3.3.1 acceptable to the Depositary;
  - 47.3.3.2 adequate; and
  - 47.3.3.3 sufficiently immediate.
- 47.4 The counterparty for the purpose of paragraph 47.3 is the person who is obliged under the agreement referred to in paragraph 47.3.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.
- 47.5 Paragraph 47.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.
- 47.6 The Funds do not currently undertake stock lending activity and do not enter into repo or reverse repo transactions or total return swaps.
- 48. **Treatment of collateral**
- 48.1 Collateral is adequate for the purposes of this paragraph 48 only if it is:
  - 48.1.1 transferred to the Depositary or its agent;
  - 48.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and
  - 48.1.3 in the form of one or more of:
    - 48.1.4 cash; or
    - 48.1.5 a certificate of deposit; or
    - 48.1.6 a letter of credit; or
    - 48.1.7 a readily realisable security; or
    - 48.1.8 commercial paper with no embedded derivative content; or
    - 48.1.9 a qualifying money market fund.
- 48.2 Collateral will be acceptable only if it transferred to the Depositary or its agent under a title transfer arrangement, and is at all times equal in value to the market value of the securities transferred by the Depositary plus a premium.

- 48.3 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 18.2 must be complied with.
- 48.4 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 48.4.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
  - 48.4.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 48.4.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 48.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 48.6 The duty in paragraph 48.5 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 48.7 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Section 2, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.
- 48.8 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in COLL, except in the following respects:
- 48.8.1 it does not fall to be included in any calculation of NAV or this Section 2, because it is offset under paragraph 48.7 by an obligation to transfer; and
  - 48.8.2 it does not count as Scheme Property for any purpose of this Section 2 other than this paragraph.
- 48.9 Paragraphs 48.7 and 48.8.1 not apply to any valuation of collateral itself for the purposes of this paragraph 48.

## SECTION 3: PARTICULARS OF THE FUNDS

### TM STONEHAGE FLEMING AIM FUND

**Classification of the Fund:** UK UCITS

**PRN:** 636731

**Investment Objective:** The objective of the Fund is to achieve long-term (5 year rolling period) capital growth, net of fees.

**Investment Policy:** The Fund focusses (90% - 100%) on equities listed on the UK Alternative Investment Market (**AIM**). This will be achieved by investing in a diversified portfolio of shares spread across any sector of AIM. The Fund can also accommodate investments in shares that have been subsequently transferred from the AIM market to a full listing. However, these investments would only form a small part of the portfolio and generally would not be greater than 10% of the total fund assets.

The Fund may also hold collective investments schemes, Real Estate Investment Trusts and cash for the purposes of meeting future redemptions and Fund liabilities. Investment in other collective investment schemes may include those managed or operated by the ACD or its associate.

The Fund will be actively managed, which means the Investment Manager decides which investments to buy and sell and when.

**Performance Comparator** The Fund uses the Numis Alternative Markets Index benchmark for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the Fund itself is likely to invest, and it is therefore an appropriate comparator for the Fund's performance.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

**Typical Investor Profile** Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equities on AIM. Such



investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

## **TM STONEHAGE FLEMING OPPORTUNITIES FUND**

**Classification of the Fund:** UK UCITS

**PRN:** 636729

**Investment Objective:** The objective of the Fund is to achieve long-term (5 year rolling period) capital growth, net of fees.

**Investment Policy:** The Fund focuses (80% - 100%) on UK listed equities that are in the following categories: smaller companies offering long-term growth potential; companies who could for example have suffered a short term setback but still offer recovery and/or future growth prospects; and companies in sectors which are perceived to be unduly depressed. As a guide we define smaller companies as below £500m market capitalisation but we use our discretion when we make comparisons to a peer group of companies in similar sector classifications. The Fund may also hold warrants acquired by the Fund through corporate actions.

The Fund is likely to only hold UK listed investments, however, the Fund may still hold overseas equities if for example it was originally UK listed and subsequently delisted to another foreign but regulated exchange (these investments would only form a small part of the portfolio and generally would not be greater than 10% of the total fund assets).

The Fund may also hold up to 20% cash for the purposes of meeting future redemptions and Fund liabilities.

The Fund will be actively managed, which means the Investment Manager decides which investments to buy and sell and when.

**Performance Comparator** The Fund uses the Numis Smaller Companies Index ex-Investment Companies Total Return Index benchmark for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the Fund itself is likely to invest, and it is therefore an appropriate comparator for the Fund's performance.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

**Typical Investor Profile**

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equities falling mainly under the following categories: smaller companies which offer long-term growth; companies which offer recovery prospects; and companies in sectors which are perceived to be unduly depressed. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

## **TM Stonehage Fleming International Fund**

**Classification of the Fund:** UK UCITS

**PRN:** 636730

**Investment Objective:** The objective of the Fund is to achieve long-term (5 year rolling period) capital growth, net of fees.

**Investment Policy:** The Fund will invest in equities of companies listed on stock exchanges anywhere in the world. Typically, the minimum allocation will be 70%, however, in the event of a market crash/unforeseen event or circumstance this allocation could fall as low as 50%.

There will be no restrictions on the countries, regions or industrial sectors in which invested. Equally there will be no presumption or expectation that the Fund will maintain asset allocation across all countries, regions or industrial sectors on an ongoing basis. The Fund will be free to invest globally, but there may be a bias towards one or more countries, regions or industrial sectors depending on the Investment Manager's views on growth seen in a particular geographical region and will depend on market conditions and worldwide events.

At the Investment Manager's discretion, the Fund may also invest in the following types of assets located anywhere in the world:

- a) other transferable securities (such as government and public securities, other debt instruments and exchange traded funds);
- b) cash and near cash;
- c) deposits;
- d) a maximum of 5% in other regulated collective investment schemes (including those managed or operated by the ACD or its associates); and
- e) money market instruments.

**Derivative instruments may be used for efficient portfolio management purposes only. The use of such derivatives is expected to be limited.**

The Fund will be actively managed, which means the Investment Manager decides which investments to buy and sell and when.

**Performance Comparator** The Fund uses the MSCI All Country World Net Total Return Index benchmark for performance comparison purposes only

and the benchmark is not a target benchmark and the Fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the Fund itself is likely to invest, and it is therefore an appropriate comparator for the Fund's performance.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

### **Typical Investor Profile**

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equity securities which offer good growth prospects and/or offer reasonable value in the medium term to long term in any part of the world without restriction on economic sectors of investment. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

## **FURTHER DETAILS OF THE FUNDS**

<b>Types of Share:</b>	<p>Income Shares - Class B Shares and Class L Shares are Income Shares</p> <p>Accumulation Shares - Class C Shares and Class Y Shares are Accumulation Shares</p>
<b>Share Classes:</b>	<p>Class B</p> <p>Class C (which are currently only available in the <b>TM Stonehage Fleming AIM Fund, TM Stonehage Fleming Opportunities Fund and the TM Stonehage Fleming International Fund</b>).</p> <p>Class L</p> <p>Class Y (which are currently only available in the <b>TM Stonehage Fleming AIM Fund, TM Stonehage Fleming Opportunities Fund and TM Stonehage Fleming International Fund</b>)</p>
<b>Base Currency:</b>	Pounds Sterling
<b>Current Preliminary Charge:</b>	<b>5%</b> of the price of a Share (or approximately 4.8% when calculated based on the amount invested).
<b>Current Redemption Charge:</b>	<b>2%</b> of the price of both types of Share. The ACD currently does not levy an exit (redemption) charge.
<b>Current Switching Charge:</b>	<p>One switch between Shares of the same type but different Funds in any 12 month period will be permitted without charge. Thereafter, a switching charge of 2% of the price of all types of Share is currently permitted.</p> <p>In respect of Conversions between types of Shares of the same Fund a conversion charge of 2% of the price of both types of Share is currently permitted. This will be waived where the conversion is compulsorily carried out by the ACD.</p> <p>The ACD currently restricts the switching / conversion charge (where applicable) to £15 per switch / conversion.</p>
<b>Current Annual Management Charge for all Funds</b>	<p><b>0.60%</b> in the case of Class B and C Shares.</p> <p>0.48% in the case of Class L Shares</p> <p>0.48% in the case of Class Y Shares</p>
<b>Allocation of charges</b>	Treatment of Charges is set out in Section 1.D.1 (Charges

and Expenses)

**Charge for investment research**

Not applicable

**Valuation point:**

Daily on Business Days at 12 noon London time.

**Minimum investment criteria:**

The minimum subscriptions and holdings described below do not apply where Shares are in an Individual Savings Account.

Class B and C Shares are available to the following investors (or their nominees) only:

1. (a) A firm authorised by the FCA or an equivalent overseas regulator to provide retail clients with platform services, fund link arrangements, or advice on retail investment products, that has a written platform, distribution, fund link, intermediary terms of business or similar agreement in place with the ACD (or one of its associates) relating to the relevant investment; or (b) such a firm's retail client who invests in the relevant Shares in their own name on advice from the firm.

2. Investors, other than those in 1 above, investing a minimum of £50,000 (subject to the ACD's discretion to waive this minimum from time to time). For such investors, the minimum subsequent investment subscription for Class B and Class C Shares in a Fund is an amount not less than £5,000 and such investors must maintain a minimum holding of Class B and Class C Shares of £50,000 in value for each Fund held.

Class L and Class Y Shares are available to the following investors (or their nominees) only:

1. Investors, excluding LFH International Limited, investing a minimum of £50 million (subject to the ACD's discretion to waive this minimum from time to time) in total investments in TM Stonehage Fleming Investment Funds.

2. These share classes are also open to members of the LFH Group together with their associated investment structures and staff of LFH International Limited group. The ACD may at its discretion accept subscriptions lower than the minimum amount.

If a holding is below the minimum holding the ACD may require redemption of the entire holding.

## **ELIGIBLE SECURITIES AND DERIVATIVES MARKETS**

A market is an "eligible market" if it is:

- (a) a regulated market (as defined in the FCA Glossary);
- (b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
- (c) a market which the ACD, after consultation with, and notification to, the Depositary, determines is appropriate for the purpose of investment of, or dealing in, the property of a Fund. In accordance with the relevant criteria in COLL, such a market must be regulated; operate regularly; be recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; be open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

Detailed below are the additional eligible markets on which each Fund is currently permitted to deal.

### **Eligible securities markets**

Australia	ASX Group
Bermuda	Bermuda Stock Exchange (BSX)
Canada	TMX Group
Chile	Santiago Stock Exchange
Czech Republic	Prague Stock Exchange
Brazil	BM & FBOVESPA
Hong Kong	Hong Kong Stock Exchange
Hungary	Budapest Stock Exchange
India	National Stock Exchange of India Bombay Stock Exchange (BSE)
Indonesia	Indonesia Stock Exchange IDX
Israel	Tel Aviv SE (TASE)
Japan	Tokyo Stock Exchange
The Republic of Korea	Korea Exchange Incorporated
Malaysia	Bursa Malaysia Securities



Mexico	The Mexican Stock Exchange
Norway	Oslo Bors
New Zealand	New Zealand Stock Exchange (NZX)
Philippines	Philippine Stock Exchange
Singapore	The Singapore Stock Exchange
South Africa	The Johannesburg Stock Exchange
Sri Lanka	Colombo Stock Exchange
Switzerland	SIX Swiss Exchange AG
Taiwan	Taiwan Stock Exchange Gre-Tai Securities Market
Thailand	The Securities Exchange of Thailand
Turkey	Istanbul Stock Exchange
UK	Alternative Investment Market of the London Stock Exchange (AIM)
USA	The New York Stock Exchange  The United States Bond Market (OTC Bulletin Board & OTC Market in US Government Securities).  NASDAQ
Vietnam	Ho Chi Minh Stock Exchange

### **Eligible derivatives markets**

Australia	ASX Group
Hong Kong	Hong Kong Exchanges (Stock Exchange of Hong Kong)
Singapore	Singapore Exchange
Japan	Tokyo Financial Exchange
United States	Chicago Board of Trade (Globex)  Chicago Board of Options Exchange

## SECTION 4: PAST PERFORMANCE

The below comparisons are representative of different Share Classes for each Fund over a five year period. The performance table shows the total annual return (as a percentage) up to 31 December in each year listed.

This performance information is net of subscription and redemption charges but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

### **TM STONEHAGE FLEMING AIM FUND<sup>1</sup>**

<b>Share Class</b>	<b>2017</b> (%)	<b>2018</b> (%)	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)
<b>B</b>	32.76	-7.17	36.69	11.17	27.12
<b>L</b>	N/A	-7.04	36.81	11.32	27.27
<b>Y</b>	N/A	-7.04	36.85	11.30	27.26

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

### **TM STONEHAGE FLEMING OPPORTUNITIES FUND<sup>2</sup>**

<b>Share Class</b>	<b>2017</b> (%)	<b>2018</b> (%)	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)
<b>B Income</b>	13.89	-15.58	24.71	-0.65	27.48
<b>C Accumulation</b>	13.82	-15.51	24.67	-0.67	27.43
<b>L Income</b>	N/A	-15.45	24.81	-0.52	27.58
<b>Y Accumulation</b>	N/A	-15.41	24.82	-0.49	27.57

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

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<sup>1</sup> For Information: TM Stonehage Fleming AIM Fund was previously called TM Cavendish AIM Fund.

<sup>2</sup> For Information: TM Stonehage Fleming Opportunities Fund was previously called TM Cavendish Opportunities Fund.

**TM STONEHAGE FLEMING INTERNATIONAL FUND<sup>3</sup>**

<b>Share Class</b>	<b>2017</b> (%)	<b>2018</b> (%)	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)
<b>B Income</b>	14.67	-11.11	21.24	11.74	16.05
<b>C Accumulation</b>	14.67	-11.09	21.24	11.76	16.10
<b>L Income</b>	N/A	-10.97	21.37	11.87	16.24
<b>Y Accumulation</b>	N/A	-10.98	21.39	11.91	16.24

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

- 
- ***Investors should note that these figures refer to the past and past performance is not a reliable indicator of future performance.***
  - ***The value of OEIC shares and income from them may go down as well as up and investors may not get back the amount they originally invested.***
  - ***Change in rates of exchange may also cause the value of investments to go up or down.***
  - ***The TM Stonehage Fleming AIM Fund invests in securities issued by smaller companies and the market for these securities may be less liquid than the market for securities issued by larger companies.***
  - ***Clients of Thesis Unit Trust Management Limited may hold investments in some of the companies mentioned in this publication.***
  - ***Thesis Unit Trust Management Limited is remunerated via the annual management fee (details are set out in Section 1.D.1) and may receive payment on the purchase of shares.***

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<sup>3</sup> For Information: TM Stonehage Fleming International Fund was previously called TM Cavendish International Fund (previous to this it was called TM Cavendish Worldwide Fund).

**SECTION 5: LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD**

<b><u>Authorised Contractual Schemes</u></b>	<b><u>Authorised Investment Companies with Variable Capital</u></b>	<b><u>Authorised Unit Trusts</u></b>
TM Brunel Pension Partnership ACS	Abaco Fund ICVC	BPM Trust
	Arch House Fund	Eden Investment Fund
	Ariel Fund	Elfynn International Trust
	Bryth ICVC	Glenhuntley Portfolio Trust
	Canterbury Investment Fund	Hawthorn Portfolio Trust
	CP Investment Funds	KES Diversified Trust
	Destiny Fund ICVC	KES Ivy Fund
	Harroway Capital ICVC	KES Growth Fund
	Hawarwata Fund	KES Income and Growth Fund
	Libero Portfolio Fund	KES Strategic Investment Fund
	Lime Grove Fund	Latour Growth Fund
	Meadowgate Funds	Lavaud Fund
	Moulsoe Fund	Mossylea Fund
	Scarp Fund	Pippin Return Fund
	Skiwi Fund	The Castor Fund
	The Ambrose Fund	The Darin Fund
	The Astral Fund	The Delta Growth Fund
	The Capital Link Growth Fund	The Deribee Funds
	The Contact Fund	The Eldon Fund
	The Diversification Fund ICVC	The Hall Fund
	The Dunnottar Fund	The HoundStar Fund
	The Global Multi Asset Fund	The Iceberg Trust
	The Gulland Fund	The Maiden Fund
	The Hector Fund	The Millau Fund
	The Juniper Fund	The Norfolk Trust
	The Lockerley Fund	The Notts Trust
	The Mazener Fund	The Palfrey Fund
	The MCMLXIII Fund	The TM Stockwell Fund
	The Motim Fund	The White Hill Fund
	The Northern Funds	Thesis Headway Fund
	The Oenoke Fund	Thesis Lion Growth Fund
	The Ord Fund ICVC	Thesis PM A Fund
	The Overstone Fund	Thesis PM B Fund
	The Penare Fund	Thesis Thameside Managed Fund
	The Saint Martins Fund	The TUTMAN B&CE Contracted-out Pension Scheme
	The Staderas Fund	TM Balanced Fund
	The Stratford Fund	TM Chainpoint Fund
	The Sun Portfolio Fund	TM Growth Fund
	The TBL Fund	
	The TM Lancewood Fund	
	The TM Mitcham Fund	

**Authorised Contractual  
Schemes**

**Authorised Investment  
Companies with  
Variable Capital**

**Authorised Unit Trusts**

The Torridon Growth Fund	TM Hearthstone UK
The Vinings Fund	Residential Feeder Fund
The Wharton Fund	TM Managed Fund
Thesis JDS Fund	TM Masonic Charitable
TM Acer Fund	Foundation Investment
TM Balanced Growth Fund	Fund
TM Brown Advisory Funds	TM Merlin Fund
TM Brunsdon OEIC	TM New Court Fund
TM Cerno Investment	TM New Court Growth Fund
Funds	TM New Institutional World
TM Cresswell Fund	Fund
TM CRUX Funds ICVC	TM Preservation Fund
TM CRUX OEIC	TM Private Portfolio Trust
TM First Arrow Investment	TM Stonehage Fleming
Funds	Global Equities Fund
TM Hearthstone ICVC	TM Stonehage Fleming
TM Investment Exposures	Global Equities Fund II
Fund	TM Stonehage Fleming
TM Investment Funds	Global Equities Umbrella
TM Lime Fund	Fund
TM Natixis Investment	
Funds U.K. ICVC	
TM Neuberger Berman	
Investment Funds	
TM Oak Fund	
TM Optimal Funds	
TM P1 Investment Funds	
TM Redwheel Funds	
TM Ruffer Portfolio	
TM Stonehage Fleming	
Global Multi-Asset Umbrella	
Fund	
TM Tellworth Investments	
Funds	
TM Total Return Fund	
TM UBS (UK) Fund	
TM Veritas Investment	
ICVC	
Trowbridge Investment	
Funds	

## SECTION 6: LIST OF SUB-CUSTODIANS

As appropriate in line with the eligible markets set out in Section 3

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	Not applicable
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	Not applicable
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	Not applicable
<b>Belgium</b>	The Northern Trust Company	Not applicable
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	Not applicable
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	Not applicable
<b>CD's - USD</b>	Deutsche Bank AG, London Branch	Not applicable

<b>CD's - USD</b>	The Northern Trust Company, Canada	Not applicable
<b>Canada</b>	Royal Bank of Canada	Not applicable
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	Not applicable
<b>Costa Rica</b>	Banco Nacional de Costa Rica	Not applicable
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	Not applicable
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	Not applicable
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	Not applicable
<b>Egypt</b>	Citibank N.A., Cairo Branch	Not applicable
<b>Estonia</b>	Swedbank AS	Not applicable
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	Not applicable
<b>France</b>	The Northern Trust Company	Not applicable

<b>Germany</b>	The Northern Trust Company	Not applicable
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	Not applicable
<b>Greece</b>	Citibank Europe PLC	Not applicable
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Hungary</b>	Citibank Europe plc	Not applicable
<b>Iceland</b>	Landsbankinn hf	Not applicable
<b>India</b>	Citibank N.A.	Not applicable
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Indonesia</b>	Standard Chartered Bank	Not applicable
<b>Ireland</b>	The Northern Trust Company, London	Not applicable
<b>Israel</b>	Citibank, N.A., Israel Branch	Not applicable
<b>Italy</b>	Citibank Europe plc	Not applicable
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Jordan</b>	Bank of Jordan Plc	Not applicable



<b>Kazakhstan</b>	Citibank Kazakhstan JSC	Not applicable
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	Not applicable
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	Not applicable
<b>Lithuania</b>	AB SEB bankas	Not applicable
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	Not applicable
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	Not applicable
<b>Morocco</b>	Société Générale Marocaine de Banques	Not applicable
<b>Namibia</b>	Standard Bank Namibia Ltd	Not applicable
<b>Netherlands</b>	The Northern Trust Company	Not applicable
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Nigeria</b>	Stanbic IBTC Bank Plc	Not applicable
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	Not applicable

<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	Not applicable
<b>Panama</b>	Citibank N.A., Panama Branch	Not applicable
<b>Peru</b>	Citibank del Peru S.A.	Not applicable
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Poland</b>	Bank Handlowy w Warszawie S.A.	Not applicable
<b>Portugal</b>	BNP Paribas SA	Not applicable
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	Not applicable
<b>Russia</b>	AO Citibank	Not applicable
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	Not applicable
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Slovakia</b>	Citibank Europe PLC	Not applicable
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	Not applicable

<b>South Africa</b>	The Standard Bank of South Africa Limited	Not applicable
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	Not applicable
<b>Spain</b>	Citibank Europe plc	Not applicable
<b>Sri Lanka</b>	Standard Chartered Bank	Not applicable
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	Not applicable
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	Not applicable
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Taiwan</b>	Citibank Taiwan Limited	Not applicable
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	Not applicable
<b>Tunisia</b>	Union Internationale de Banques	Not applicable
<b>Turkey</b>	Citibank A.S.	Not applicable
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	Not applicable
<b>Ukraine (Market Suspended)</b>	JSC "Citibank"	Not applicable
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch

<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)	Not applicable
<b>United States</b>	The Northern Trust Company	Not applicable
<b>Uruguay</b>	Banco Itau Uruguay S.A.	Not applicable
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>West Africa (UEMOA)</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	Not applicable
<b>Zimbabwe</b>	The Standard Bank of South Africa Limited	Stanbic Bank Zimbabwe Limited

## SECTION 7: DIRECTORY

### **AUTHORISED CORPORATE DIRECTOR**

#### **Thesis Unit Trust Management Limited**

Exchange Building  
St John's Street  
Chichester  
PO19 1UP

### **DEPOSITARY**

#### **NatWest Trustee and Depositary Services Limited**

House A  
Floor 0  
Gogarburn  
175 Glasgow Rd  
Edinburgh EH12 1HQ

### **INVESTMENT MANAGER**

#### **Stonehage Fleming Investment Management Limited**

15 Suffolk Street  
London SW1Y 4HG

### **ADMINISTRATOR / REGISTRAR**

#### **Northern Trust Global Services SE, UK branch**

50 Bank Street  
Canary Wharf  
London E14 5NT

*Dealing office*

#### **Thesis Unit Trust Management Limited**

Sunderland  
SR43 4AZ

Telephone: 0333 300 0375

### **AUDITORS**

#### **Ernst & Young**

1 More Place  
London SE1 2AF

### **CUSTODIAN**

*Principal place of business*

#### **The Northern Trust Company**

50 South LaSalle Street  
Chicago, Illinois, USA

*Who may also act under  
this power through its  
London branch*

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