

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS  
PROSPECTUS YOU SHOULD CONSULT A FINANCIAL ADVISER**

**MGTS IDAD Fund**

**(an open-ended investment company with variable capital incorporated with limited liability  
and registered in England and Wales under registered number  
IC042839)**

**PROSPECTUS**

**23 August 2021**

## CONTENTS

1	<b>The Company</b>	10
2	<b>Company Structure</b>	10
3	<b>Shares</b>	11
4	<b>Management and Administration</b>	11
5	<b>The Depositary</b>	12
6	<b>The Investment Manager</b>	15
7	<b>The Auditor</b>	15
8	<b>Administrator and Register of Shareholders</b>	15
9	<b>Conflicts of Interest</b>	15
10	<b>Buying, Selling and Switching Shares</b>	16
11	<b>Buying Shares</b>	16
12	<b>Selling Shares</b>	
13	<b>Switching and Conversions</b>	19
14	<b>Dealing Charges</b>	21
15	<b>Other Dealing Information</b>	21
16	<b>Money Laundering</b>	23
17	<b>Restrictions, Compulsory Transfer and Deferred Redemption</b>	23
18	<b>Suspension of Dealings in the Company</b>	24
19	<b>Governing Law</b>	25
20	<b>Valuation of the Company</b>	25
21	<b>Calculation of the Net Asset Value</b>	25
22	<b>Price per Share in the Sub-fund and each Class</b>	27
23	<b>Pricing basis</b>	
24	<b>Publication of Prices</b>	28
25	<b>Risk factors</b>	28
26	<b>Liabilities of the Company and the Sub-funds</b>	
27	<b>Risk Management</b>	
28	<b>Past Performance Data</b>	

<b>29</b>	<b>Fees and Expenses</b>	<b>40</b>
<b>30</b>	<b>Charges payable to the ACD</b>	<b>42</b>
<b>31</b>	<b>Investment Manager's fees</b>	<b>42</b>
<b>32</b>	<b>Depository's Fee</b>	<b>43</b>
<b>33</b>	<b>Allocation of Fees and Expenses between Sub-funds</b>	<b>44</b>
<b>34</b>	<b>Shareholder Meetings and Voting Rights</b>	<b>45</b>
<b>35</b>	<b>Class and Sub-fund Meetings</b>	<b>46</b>
<b>36</b>	<b>Taxation</b>	<b>46</b>
<b>37</b>	<b>Income Equalisation</b>	
<b>38</b>	<b>Winding up of the Company or Termination of a Sub-fund</b>	<b>50</b>
<b>39</b>	<b>General Information</b>	<b>51</b>
	<b>APPENDIX 1</b>	
	<b>APPENDIX 2</b>	
	<b>APPENDIX 3</b>	
	<b>APPENDIX 4</b>	
	<b>APPENDIX 5</b>	
	<b>APPENDIX 6</b>	
	<b>APPENDIX 7</b>	
	<b>APPENDIX 8</b>	
	<b>APPENDIX 9</b>	

**PROSPECTUS  
OF  
MGTS IDAD Fund**

This document constitutes the Prospectus for MGTS IDAD Fund (the "Company") which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the "FCA Regulations") published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "Act").

The Prospectus is dated and is valid as at 23 August 2021.

A copy of this Prospectus can be obtained from Margetts Fund Management Limited at the address listed under Section 4.1.2 during normal business hours at no cost.

Copies of this Prospectus have been sent to the FCA and the Depository.

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

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

Margetts Fund 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.

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

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

The shares described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States. The shares may not be offered, sold or delivered directly or indirectly in the United States or to the account or benefit of any US Person (as defined below).

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.

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.

## DEFINITIONS

“Accumulation Share(s)”	a Share or Shares in the Company (including larger denomination Shares and fractions) where any net income derived from the relevant Sub-fund is retained and accumulated for the benefit of Shareholders and is reflected in the price of each accumulation Share;
"ACD"	Margetts Fund Management Limited, the Authorised Corporate Director of the Company;
"Act"	Financial Services and Markets Act 2000;
"Approved Derivative"	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Autocall” or “autocallable”	A feature of a structured product that pays out a bonus if the underlyings – typically equity indexes – pass an upside trigger price or level, at which point it automatically matures and the investor's principal is returned along with any bonus(es). Typically, if the trigger price is not passed, then the product will roll over for another period until a fixed maturity date. If during any subsequent period the trigger is passed before maturity then all accumulated bonuses are paid out, along with the principal investment. If the trigger level is not passed then the product may return the initial investment. Often, these products also have a downside barrier that if passed causes a capital loss in line with the index fall.
“Barrier Option”	A barrier option can be defined into main types (i) a knock-out and (ii) a knock in. A “knock out” barrier option is an option that expires worthless if the underlying reference asset – typically equity indexes - passes a certain barrier price or level on a predefined date. A “knock in” barrier option is an option that expires worthless unless the underlying reference asset passes a certain barrier price or level on a predefined date. They are a common way of limiting the profit and loss and therefore the risk of a structured Product. However, they can also be used to enhance the profit/loss and therefore increase the risk of a structured product.
“Bond” or “Bonds”	a loan, usually to a company or government that pays interest;
“Capital Growth”	the increase in the capital value of an asset over time;
"COLL"	the Collective Investment Scheme Sourcebook made by the FCA pursuant to the Financial Services and Markets Act 2000, as amended from time to time;
“Collective Investment Scheme”	a 'collective investment' scheme is where two or more members of the public invest money, or other assets together.

	They hold an interest in the investment and share the risk and the benefit in proportion to their investment. Common examples are unit trusts and OEICs. The regulator provides a more technical definition and there are specific rules about the types of Collective Investment Schemes that can be held;
"Commodities"	physical materials such as oil, agricultural products, and metals, but excluding gold;
"Company"	MGTS IDAD Fund;
"Conversion"	The exchange of Share Class in a Sub-fund for those of another Share Class in the same Sub-fund and (as the context may require) the act of so "Converting" shall be interpreted accordingly;
"CRS"	means the Common Reporting Standard as developed and approved by the OECD in 2014 and implemented in the UK by the International Tax Compliance Regulations 2015 with effect from 1 January 2016;
"Cut-Off Time"	The point on a Dealing Day prior to which a transaction must be received by the ACD in order to permit the transaction to receive that Dealing Day's Valuation Point for each Fund;
"Dealing Day"	Monday to Fridays excluding UK public and bank holidays;
"Depositary"	The Bank of New York Mellon (International) Limited, the depositary of the Company;
"Eligible Markets"	means eligible markets as defined in the FCA Regulations and as set out in Appendices 3 and 4;
"ETF" (Exchange Traded Funds)	securities or a collection of securities traded on a stock exchange;
"EPM"	means efficient portfolio management as defined in the COLL Rules and in accordance with article 11 of the UCITS eligible assets Directive. These techniques and instruments relate to transferrable securities and approved money-market instruments and are economically appropriate as they are realised in a cost effective way. The purpose must be to reduce risk and / or reduce cost and / or generate additional capital or income with a risk level which is consistent the investment objective and the risk diversification rules laid down in the COLL Rules;
"FCA"	the Financial Conduct Authority;
"FCA Regulations"	the rules contained in the Collective Investment Schemes Sourcebook of the FCA Rules;
"FCA Rules"	the FCA handbook of rules made under the Act and currently referred to as 'COLL Rules';

"FATCA"	means the US Foreign Account Tax Compliance Act, as set out in Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended from time to time;
"Income Share(s)"	a Share or Shares in the Company (including larger denomination Shares and fractions) where any net income from the relevant Sub-fund is distributed to Shareholders as income payments on the relevant interim and annual allocation dates of that Sub-fund;
"Investment Manager"	the investment manager to the ACD;
"Investment Trust"	Investment Trusts are securities/companies that are set up to invest in other assets. The value of an investment trust will be linked to the value of the underlying investments and the demand for the investment trust shares. This means that the value of an investment can be higher or lower than the value of the underlying investments;
MiFID II	Markets in Financial Instruments Directive (2014/65/EU) and Markets in Financial Instruments Regulation (600/2014/EC);
"Near Cash Instrument(s)"	securities such as money market funds or short-term bond funds, which, in the Investment Manager's view, provide a comparable risk profile to cash;
"Net Asset Value" or "NAV"	the value of the Scheme Property of the Company (or of any Sub-fund as the context requires) less the liabilities of the Company or the Sub-fund concerned as calculated in accordance with the Company's Instrument of Incorporation;
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001;
"Regulated Activities Order"	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
"REIT" (Real Estate Investment Trusts)	A company that runs or finances real estate to generate an income;
"Scheme Property"	the property of the Company to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
"Share" or "Shares"	a Share or Shares in the Company (including larger denomination Shares and fractions);
"Share Class"	a particular class of shares as described in Section 3;
"Structured Products"	a packaged investment strategy based on a single security, basket of securities, derivatives or commodities;
"Sub-fund" or Sub-funds"	a Sub-fund of the company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be



allocated and which is invested in accordance with the investment objective applicable to that Sub-fund;

"Switching"

The exchange of shares of a Sub-fund for shares of another Sub-fund or (as the context may require) the act of so exchanging and "Switching" shall be interpreted accordingly;

"UCITS Directive"

the European Parliament and Council Directive of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended from time to time);

"UCITS scheme"

a scheme which is constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK);

"US Persons"

a citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person who falls within the definition of "US Person" as defined in rule 902 of regulation S of the United States Securities Act 1933; and

"Valuation Point"

the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Share Class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 p.m. London time on each Dealing Day with the exception of Christmas Eve and New Year's Eve or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

## **1 The Company**

- 1.1 MGTS IDAD Fund is an open-ended investment company with variable capital, incorporated in England and Wales on 25 May 2021 under registered number IC042839 and authorised by the FCA with effect from 25 May 2021 under Product Reference Number (PRN) 951706. The Sub-funds PRNs are MGTS IDAD Refined Growth Fund - 951707, and MGTS IDAD Future Wealth Fund – 951708.
- 1.2 The Head Office of the Company is at 1 Sovereign Court, Graham Street, Birmingham B1 3JR and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.3 The base currency of the Company is pounds (£) sterling.
- 1.4 The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £1,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current net asset value.
- 1.5 Shareholders in the Company are not liable for the debts of the Company.
- 1.6 The Company has been established as a "UCITS scheme" and "umbrella company" (under the OEIC Regulations) and therefore different Sub-funds may be formed by the ACD, subject to approval from the FCA. On the establishment of a new Sub-fund or Share Class an updated prospectus will be prepared setting out the relevant information concerning the new Sub-fund. Each Sub-fund of the Company would belong to the type of "UCITS scheme" if it were itself an investment company with variable capital in respect of which an authorisation order made by the FCA was in force. The Company qualifies as an "Undertaking for Collective Investment in Transferable Securities" ("UCITS") within the meaning of the recast UCITS Directive (2009/65/EC) of 13 July 2009.

## **2 Company Structure**

As explained above the Company is a "UCITS scheme" and an "umbrella company" for the purposes of the OEIC Regulations. The assets of each Sub-fund within the Company are treated as separate from those of every other Sub-fund and will be invested in accordance with that Sub-fund's own investment objective and policy.

- 2.1 The Company does not intend to have an interest in immovable or tangible movable property.
- 2.2 Details of the Company, including its investment objective and policy are set out in Appendix 1.
- 2.3 Details of the Sub-funds, including their investment objectives and policies are set out in Appendix 1.
- 2.4 Each Sub-fund is a "UCITS scheme" as defined under the FCA Regulations.
- 2.5 Each Sub-fund has a specific portfolio of assets and investments, and its own liabilities, and investors should view each Sub-fund as a separate investment entity.
- 2.6 Each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund.

- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all Sub-funds pro rata to the value of the net assets of the relevant Sub-funds.

### **3 Shares**

- 3.1 The Share Classes presently available for each Sub-fund are set out in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide.
- 3.2 The minimum initial investment for each Share Class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.
- 3.3 The Company currently issues Accumulation Shares. Accumulation Shares credit any income allocated to them to capital.
- 3.4 When available, shareholders are entitled (subject to certain restrictions) to switch all or part of their shares in one Sub-fund for shares in a different Sub-fund. Details of this switching facility and the restrictions are set out in Sections 13 and 14.3.

### **4 Management and Administration**

#### **4.1 Authorised Corporate Director**

- 4.1.1 The Authorised Corporate Director of the Company is Margetts Fund Management Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 12 February 2001.

#### **4.1.2 Registered Office and Head Office:**

1 Sovereign Court  
Graham Street  
Birmingham  
B1 3JR

Share Capital: Issued and paid up 273,000 Ordinary £1 shares

- 4.1.3 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations.

- 4.1.4 As at the date of this Prospectus, the ACD acts as such for the following additional open-ended investment companies:

MGTS Future Money ICVC  
MGTS St. Johns Property ICVC  
MGTS AFH Tactical Core Fund  
MGTS Clarion Portfolio Fund  
The Sentinel Fund  
MGTS iBOSS Fund  
MGTS AFH DA Fund  
The PRIMA Fund

MGTS Wealth Solutions Fund  
MGTS Tempus Fund  
The Blenheim Fund  
MGTS St Johns Fund

and as manager for the following authorised unit trusts:-

MGTS St John's Property Authorised Trust  
Margetts International Strategy Fund  
Margetts Providence Strategy Fund  
Margetts Select Strategy Fund  
Margetts Venture Strategy Fund  
Margetts Opes Growth Fund  
Margetts Opes Income Fund

## **4.2 Terms of Appointment**

- 4.2.1 The ACD was appointed by an agreement between the Company and the ACD (the "ACD Agreement"). The ACD Agreement provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon one years' written notice by either the ACD or the Company, although in certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.
- 4.2.2 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.
- 4.2.3 The fees to which the ACD is entitled are set out in Sections 29 and 30.
- 4.2.4 The main business activities of the ACD are the provision of discretionary investment management services to retail clients and professional clients and acting as a manager to authorised OEICs and unit trusts.
- 4.2.5 The directors of the ACD are listed in Appendix 8.
- 4.2.6 No executive director is engaged in any significant business activity not connected with the business of the ACD or other Margetts Holdings Limited subsidiaries.
- 4.2.7 A copy of the contract of service between the Company and the ACD is available to shareholders on request by contacting the ACD at their registered office.

## **5 The Depositary**

- 5.1 The Bank of New York Mellon (International) Limited (registered no. 03236121) is the Depositary of the Company and, for the avoidance of doubt, acts as the global custodian to the Company. The ACD has appointed the Depositary to act as depositary for purposes of the Company being a UCITS scheme.

The Depositary is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

- 5.2 The registered and head office of the Depositary is at one Canada Square, London, E14 5AL.
- 5.3 The principal business activity of the Depositary is the provision of custodial, banking and related financial services. The Depositary is authorised by the Prudential Regulation Authority and is dual-regulated by the FCA and the Prudential Regulation Authority.
- 5.4 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 the Scheme Documents.

## **5.5 Conflicts of Interest**

- 5.5.1 For the purposes of this section, the following definitions shall apply:

- 5.5.1.1 “Link” means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

- 5.5.1.2 “Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.

- 5.5.2 The following conflicts of interests may arise between the Depositary, the Company and the ACD:

- 5.5.2.1 A Group Link where the ACD has delegated certain administrative functions to an entity within the same corporate group as the Depositary.

- 5.5.2.2 The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

- 5.5.2.3 The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes

- 5.5.3 To the extent that a Link exists between the Depositary and any shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with Article 23 of the UCITS V Regulations as applicable.

## **5.6 Delegation**

- 5.6.1 The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined above:

- 5.6.1.1 A Group Link exists where the Depositary has delegated, or any Global Sub-Custodian has sub-delegated, the safekeeping of the Scheme Property to an entity within the same corporate group as the Depositary.
- 5.6.1.2 The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

## **5.7 Delegation of Safekeeping Functions**

- 5.7.1 The Depositary acts as global custodian and is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.
- 5.7.2 The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon (the “Global Sub-Custodian”). The Global Sub-Custodian may sub-delegate the custody of assets in certain markets in which the Company may invest to various sub-delegates (“Sub-Custodians”). A list of Sub-Custodians is given in Appendix 9. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review.

## **5.8 Updated Information**

- 5.8.1 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.

## **5.9 Terms of Appointment**

- 5.9.1 The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company. The Depositary was appointed under an agreement (the “Depositary Agreement”).
- 5.9.2 Details of the Depositary’s remuneration are set out in Section 32. The Depositary (or its associates or any affected person) 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 the dealings of Shares of the Company, any transaction in Scheme Property or the supply of services to the Company.
- 5.9.3 Unless a shorter period is agreed between the parties, the Depositary Agreement may be terminated by not less than 90 Days prior written notice provided that no such notice will take effect until the appointment of a successor to the Depositary.
- 5.9.4 To the extent permitted by the FCA Regulations, the Company will indemnify the Depositary (or its associates) against costs, charges, losses and liabilities incurred by it (or its associates) in the proper execution, or in the purported proper execution, or exercise (reasonably and in good faith) of the Depositary’s duties, powers, authorities and discretions, except in the case of any liability for a failure to exercise due care and diligence in the discharge of its functions.

## **6 The Investment Manager**

6.1 The ACD has appointed IDAD Limited to provide discretionary investment management services to the ACD.

### **6.2 Terms of Appointment**

6.2.1 The Investment Manager was appointed by an agreement between the ACD and the Investment Manager (the "Investment Management Agreement").

6.2.2 Investment management functions have been delegated by the ACD to the Investment Manager. Under the Investment Management Agreement the ACD has appointed the Investment Manager to assist the ACD in the management of the investments of the Company with authority, subject to the objectives and restrictions in Appendices 1 and 2, to make all day to day decisions on behalf of the ACD and otherwise to act as it judges fits with a view to meeting the investment objectives of the Company as set out in Appendix 1.

6.2.4 The Investment Management Agreement may be terminated on six months' written notice by the Investment Manager or the ACD or immediately by the ACD if it is the interests of the shareholders.

6.2.5 Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

6.2.6 Its registered office is The Engine House, 77 Station Road, Petersfield, Hampshire GU32 3FQ.

6.2.7 The fees and expenses of the Investment Manager (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement. The fees and expenses of any delegates of the Investment Manager will be borne by the Investment Manager.

## **7 The Auditor**

The Auditors of the Company are Shipleys LLP, whose address is 10 Orange Street, Haymarket, London WC2H 7DQ.

## **8 Administrator and Register of Shareholders**

8.1 The ACD carries out the role of administrator and registrar for the Company.

8.2 The Register of Shareholders is maintained at 1 Sovereign Court, Graham Street, Birmingham, B1 3JR and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## **9 Conflicts of Interest**

9.1 The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of

interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

- 9.2 The Depositary may, from time to time, act as depositary of other companies or funds.
- 9.3 Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations, ensure that the performance of their respective duties will not be impaired by any such involvement.

## **10 Buying, Selling and Switching Shares**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Dealing Day to receive requests for the issue, redemption and switching of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request by the relevant Cut-Off time.

### **10.1 Delivery versus Payment (DvP)**

- 10.1.1 When you purchase shares, there is a moment of time at which the investor now owns the share; and a moment of time when the investor's money has passed to the ACD. Similarly when you sell a share, there is a moment of time at which the investor no longer owns the share; and a moment of time when the investor is credited with the value of that share. As purchases and sales are not completed at exactly the same moment in real time (payment of cheques or bank transfers are not instantaneous), there is a small window of time (generally never more than one business day) when an investor might not own any units/shares, but may also not have the money instead. This is referred to as the 'Delivery versus Payment' (DvP) window. There is a small risk that at that point, the transaction might fail to complete and that an investor might lose the value of the investment.
- 10.1.2 The Financial Conduct Authority regulates for the protection of client money and requires firms such as the ACD to inform clients that the DvP exclusion for collective investment schemes is used. The DvP exclusion permits fund managers to not treat money as client money for a one-day period while carrying out a DvP transaction in the shares of a collective investment scheme. If the transaction takes longer than one working day to fully complete, i.e. money for purchases is received early or money for sales remains on account at Margetts awaiting being paid out, then your money will be moved to a segregated client money account until the money is no longer yours (for purchases) or has been paid out by the ACD (for sales). In the unlikely event that Margetts enters into insolvency proceedings before it has segregated such purchase or sales monies as client money, or has applied proceeds for settlement or paid out monies due, then you may neither have any rights to the shares nor be protected by the FCA's client money rules.

## **11 Buying Shares**

### **11.1 Procedure**

- 11.1.1 Shares can be bought by sending a completed application form to the ACD. Applications forms are available from the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR or telephoning 0345 607 6808.
- 11.1.2 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return



any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

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

## **11.2 Documentation**

- 11.2.1 A contract note giving details of the shares purchased and the price used will be issued by the end of the Dealing Day following the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

- 11.2.2 Settlement is due four working days after the transaction date.

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

## **11.3 In Specie Issue**

- 11.3.1 The Depositary may take into the scheme property assets other than cash as payment for the issue of shares but only if the Depositary has taken reasonable care to ensure that receipt or payment out of the property concerned would not be likely to result in any material prejudice to the interests of shareholders of the Company.

## **11.4 Minimum subscriptions and holdings**

- 11.4.1 The minimum initial and subsequent subscription levels, and minimum holdings, for the Company are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

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

# **12 Selling Shares**

## **12.1 Procedure**

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

- 12.1.2 Requests to redeem shares may be made to the ACD by telephone on 0345 607 6808 (followed up in writing) or in writing to the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

## **12.2 Documents the Seller will receive:**

- 12.2.1 A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the Dealing Day following the Valuation Point by reference to which the redemption price is determined. Cheques in satisfaction of the redemption monies will be issued within four Dealing Days or the later of:
- 12.2.2 Receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and
- 12.2.3 The Valuation Point following receipt by the ACD of the request to redeem.
- 12.2.4 Payments made by cheque will be sent by post to the last address notified by the shareholder to the ACD. It will be deemed to be received on the second day after posting. The ACD will not be responsible if the mailing is delayed except where as a result of the ACD's negligence. If the mailing goes astray or is intercepted the ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.
- 12.2.5 Where the redemption proceeds are to be paid by telegraphic transfer, the ACD will make the payment to the bank account details last notified to the ACD. The redemption proceeds will be sent at the risk of the shareholder and the ACD will not be responsible if the telegraphic transfer is delayed, unless this is as a result of the ACD's negligence. The ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.

### **12.3 Minimum redemption**

- 12.3.1 Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares of any Sub-fund to be redeemed is less than any minimum redemption amount set out in Appendix 1 or would result in a shareholder holding less than the minimum holding for a Sub-fund, as detailed in Appendix 1.

### **12.4 In Specie Redemption**

- 12.4.1 If a shareholder requests the redemption or cancellation of shares, the ACD may, if it considers the deal substantial in relation to the total size of the Sub-fund concerned, arrange for the Company to cancel the shares and transfer Scheme Property to the shareholder instead of paying the price of the shares in cash, or, if required by the shareholder, pay the net proceeds of sale of the relevant Scheme Property to the shareholder. A deal involving shares representing 5% or more in value of a Sub-fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a shareholder whose shares represent less than 5% in value of the Sub-fund concerned.
- 12.4.2 Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that shareholder.
- 12.4.3 The ACD will select the property to be transferred (or sold) in consultation with the Depository. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from

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

## **12.5 Direct Issue or Cancellation of shares by the Company through the ACD**

12.5.1 Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

## **12.6 Transfer of Title Through Electronic Communication**

12.6.1 The ACD accepts transfer of title authority by electronic communication via TISA Exchange Limited (TeX).

# **13 Switching and Conversions**

## **13.1 Switching**

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

13.1.2 Switching may be effected either by telephone on 0345 607 6808 or in writing to the ACD (at the address referred to in Section 12.1.2) and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). A switching shareholder must be eligible to hold the shares into which the switch is to be made.

13.1.3 The ACD may at its discretion charge a fee on the switching of shares between Classes. These fees are set out in Appendix 1.

13.1.4 If the switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Sub-fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended (as to which see Section 18 below). The general provisions on selling shares shall apply equally to a switch.

13.1.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

13.1.6 Please note that, under current tax law, a switch of shares in one Sub-fund for shares in any other Sub-fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation although a switch of shares between different share classes in the same Sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.

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

## 13.2 Conversions

- 13.2.1 A holder of shares in a Sub-fund may convert all or some of their shares (“Original Class Shares”) for shares in another Share Class (“New Class Shares”) of the same Sub-fund, subject to meeting the minimum requirements for the Share Class into which the Conversion is to be made.
- 13.2.2 Conversions may be effected either by telephone on 0345 607 6808 or in writing to the ACD (at the address referred to in Section 12.1.2) and the shareholder may be required to complete a conversion form (which, in the case of joint shareholders must be signed by all the joint holders). A converting shareholder must be eligible to hold the shares into which the conversion is to be made. Conversions will be effected by the ACD recording the change of Class on the Register. A confirmation letter showing details of the Conversion will be sent to the Shareholder on the business day following completion of the transaction.
- 13.2.3 Conversions will be effected at the next Valuation Point following receipt of instruction from a shareholder to convert or at a date mutually agreed between the ACD and the shareholder(s).
- 13.2.4 The number of New Class Shares issued will be determined by reference to the respective prices of Original Class Shares and New Class Shares at the Valuation Point applicable at the time the Conversion takes place.
- 13.2.5 The shareholder must meet any relevant minimum investment or holding criteria in respect of the shares in the Share Class into which the Conversion is to be made. If the Conversion would result in the shareholder holding a number of Original Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Original Class Shares to New Class Shares or refuse to effect the relevant Conversion of the Original Class Shares. No Conversion will be made during any period when the right of shareholders to require the sale of their shares is suspended.
- 13.2.6 The ACD may adjust the number of New Class Shares to be issued or converted to reflect the imposition of any charges or levies in respect of the issue of New Class Shares or the Conversion of Original Class Shares as may be permitted in accordance with COLL.
- 13.2.7 The ACD may, at its discretion, charge a fee on the Conversion of shares between Share Classes as described further below.
- 13.2.8 Please note that, under current United Kingdom taxation law and guidance, a Conversion of shares between different Share Classes within the same Sub-fund will generally not be treated by HM Revenue & Customs as a redemption and sale and will therefore generally not be a disposal for capital gains tax purposes for investors subject to United Kingdom taxation. However, please note that in certain limited circumstances, an exchange between Share Classes within the same Sub-fund may be classified as a Switch (for more information on Switches, see above under the heading “Switching”) and may be treated differently for the purposes of capital gains taxation and income equalisation may be applicable.
- 13.2.9 Conversions will not generally be subject to income equalisation as referred to in Section 37 of this Prospectus. Please note that by performing a Conversion, the ACD may be required to convert a portion of capital to income in order to match the relevant yield in the Share Class into which the shareholder is Converting. This may have the effect of creating taxable income for persons subject to United Kingdom taxation (depending upon the shareholder’s individual circumstances).

- 13.2.10 In certain circumstances the ACD may (accepting no obligation to do so), at its discretion, undertake compulsory Conversion of Share Classes to new or different Share Classes open to one or more type of retail or institutional client subject to the clients' best interest rule. Such circumstances may include, but shall not be limited to; ensuring compliance with law and/or regulation, changing to new share classes to reflect changes in law and/or regulation or the offering of new or replacement share classes in any Sub-fund.
- 13.2.11 The ACD may, at its discretion, undertake compulsory Conversion of Share Classes where a shareholder's investment holding falls below the minimum holding threshold for the Share Class in question as set out in Appendix 1. The ACD may convert a shareholders interest into another Share Class for which the minimum holding is met, which may result in higher charges where the receiving Share Class has higher charges as set out in Appendix 1.

## **14 Dealing Charges**

### **14.1 Preliminary Charge**

- 14.1.1 The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. Full details of the current preliminary charge for each class of share in each Sub-fund are set out in Appendix 1.

### **14.2 Redemption Charge**

- 14.2.1 The ACD may make a charge on the redemption of shares. At present no redemption charge is levied.
- 14.2.2 The ACD may not introduce a redemption charge on shares unless, not less than 60 days before the introduction, it has given notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the shares being redeemed and will be paid by the Company to the ACD.
- 14.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### **14.3 Switching Fee**

- 14.3.1 On the switching of shares of a Sub-fund for shares of another Sub-fund the Instrument of Incorporation authorises the Company to impose a switching fee. Full details of the current switching fee are set out in Appendix 1. The switching fee is payable to the ACD.

## **15 Other Dealing Information**

### **15.1 Dilution Adjustment**

- 15.1.1 The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument of Incorporation is summarised in Section 21. The actual cost of purchasing or selling a Sub-fund's investments may be higher or lower than the mid market value used in

calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest in a Sub-fund. In order to mitigate this effect, called "dilution", the ACD has the power to apply a "dilution adjustment", as defined in the FCA Rules on the issue and/or redemption of shares in a Sub-fund. A dilution adjustment is an adjustment to the share price. The ACD shall comply with the FCA Regulations in its application of any such dilution adjustment.

- 15.1.2 The dilution adjustment for each Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Sub-fund, including any dealing spreads, commission and transfer taxes.
- 15.1.3 The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares. The ACD may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all shareholders and potential shareholders. In particular, the dilution adjustment may be applied in the following circumstances:
  - 15.1.3.1 where over a dealing period the Sub-fund has experienced a large level of net sales or redemptions relative to its size (i.e. net redemptions equivalent to equal or greater than 0.5% of the Net Asset Value of the Sub-fund);
  - 15.1.3.2 on "large deals". For these purposes, a large deal means a deal worth 0.5% or more of the Net Asset Value of the Sub-fund; or
- 15.1.4 Where the ACD considers it necessary to protect the interests of the shareholders of the Sub-fund (for example, where the Sub-fund is in continuing decline as a result of poor market conditions or continual net redemptions).
- 15.1.5 The amount of any dilution adjustment is not retained by the ACD but is paid into the Sub-fund.
- 15.1.6 Since dilution is directly related to the inflows and outflows of monies to and from a Sub-fund, it is not possible to accurately predict whether dilution will occur or what dilution adjustment might be made. However, the ACD expects that a dilution adjustment may be required if there are strong inflows in which case the dilution adjustment will increase the price of the shares. If there are net outflows the dilutions adjustment will reduce the price of the shares.
- 15.1.7 If it does occur, it is therefore not possible to predict the amount of dilution adjustment required. If a dilution adjustment is not charged then this may restrict the future growth of the Sub-fund. In current market conditions the ACD does not expect that a dilution adjustment above 5% would be applied. This figure is based on future projections.
- 15.1.8 The ACD reserves the right not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so. The ACD's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

## **15.2 The ACD Dealing as Principal**

- 15.2.1 Where the ACD deals as principal in the Shares of the Company, any profits or losses arising from such transactions shall accrue to the ACD and not to the relevant Sub-Fund of the Company.
- 15.2.2 The ACD is under no obligation to account to the Depositary, or to Shareholders for any profit it makes on the issue or reissue of Shares or cancellation of Shares which it has redeemed.

## **16 Money Laundering**

- 16.1 As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying shares. The ACD reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

## **17 Restrictions Compulsory Transfer and Deferred Redemption**

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

- 17.1.1 If it comes to the notice of the ACD that any shares (“affected shares”):
- a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
  - b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
  - c) are held in any manner by virtue of which the Shareholder or shareholders in question is/are not qualified to hold such shares or if it reasonably believes this to be the case; or
  - d) are owned by a shareholder who is registered in a jurisdiction (where a Sub-fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Sub-fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach)
  - e) or if the ACD is not satisfied that any shares may not give rise to a situation discussed in (a), (b), (c) or (d), the ACD may give notice to the shareholder(s) of the affected shares requiring the transfer of such shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a

notice is served does not within 30 days after the date of such notice transfer his affected shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected shares.

This may include a situation which a shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in (a), (b), (c) or (d) above.

- 17.1.2 It is not possible for the ACD to be fully informed of current law and regulations in every jurisdiction and accordingly in the interests of shareholders and to be able to ensure no shares are held or acquired by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in any Sub-fund incurring any liability to taxation which a Sub-fund is not able to recoup itself or suffering any other adverse consequence. The ACD's policy will be to treat shares of shareholders moving to jurisdictions other than EEA States as affected shares and may refuse to issue shares to anyone resident outside of one of the jurisdictions.
- 17.1.3 A shareholder who becomes aware that he is holding or owns affected shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected shares.
- 17.1.4 Where a request in writing is given or deemed to be given for the redemption of affected shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

## **17.2 Deferred Redemption**

- 17.2.1 The ACD may defer redemptions at a particular Valuation Point to the next Valuation Point where the requested redemptions exceed 10% of a Sub-fund's value. The ACD will ensure the consistent treatment of all holders who have sought to redeem shares at any Valuation Point at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level (ie. 10% of the Sub-fund's value) and will defer the remainder until the next Valuation Point. The ACD will also ensure that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

## **18 Suspension of Dealings in the Company**

- 18.1 The ACD may, with the prior agreement of the Depositary or shall, if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interest of all of the Shareholders.
- 18.2 On suspension, the ACD, or the Depositary if it has required the ACD to suspend dealings in Shares, must immediately inform the FCA, stating the reason for its action and as soon as practicable give written confirmation to the FCA of the suspension and the reasons for it.
- 18.3 The ACD must ensure that a notification of the suspension is made to Shareholders as soon as practicable after suspension commences. The ACD must ensure that it:



- a) draws Shareholders' particular attention to the exceptional circumstance which resulted in the suspension;
  - b) is clear, fair and not misleading; and
  - c) informs Shareholders how to obtain sufficient details (either through the Company's website or by other general means) about the suspension including, if known, its likely duration.
- 18.4 The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.
- 18.5 Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

## **19 Governing Law**

- 19.1 All deals in shares are governed by English law.

## **20 Valuation of the Company**

- 20.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. There is only a single price for any share as determined from time to time by reference to a particular Valuation Point. The Net Asset Value per share of a Sub-fund is currently calculated at 12.00 pm on each Dealing Day.
- 20.2 The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

## **21 Calculation of the Net Asset Value**

- 21.1 The value of the Scheme Property of the Company or of a Sub-fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 21.2 All the Scheme Property (including receivables) of the Company (or the Sub-fund) is to be included, subject to the following provisions.
- 21.3 Scheme Property which is not cash (or other assets dealt with in Section 21.4) or a contingent liability transaction shall be valued as follows:
- 21.3.1 units or shares in a collective investment scheme:
- 21.3.1.1 if a single price for buying and selling units is quoted, at the most recent such price; or
  - 21.3.1.2 if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

- 21.3.1.3 if no price or no recent price exists, at a price which in the opinion of the ACD is fair and reasonable;
- 21.3.2 any other transferable security:
  - 21.3.2.1 if a single price for buying and selling the security is quoted, at that price; or
  - 21.3.2.2 if separate buying and selling prices are quoted, the average of those two prices; or
  - 21.3.2.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment;
- 21.3.3 property other than that described in 21.3.1 and 21.3.2 above:
  - 21.3.3.1 at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 21.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 21.5 Property which is a contingent liability transaction shall be treated as follows:
  - 21.5.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.
  - 21.5.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 21.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - 21.5.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 21.6 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 21.7 Subject to paragraphs 21.8 and 21.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 21.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 21.7.
- 21.9 All agreements are to be included under paragraph 21.7 which are, or ought reasonably to have been, known to the person valuing the property.

- 21.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax and value added tax will be deducted.
- 21.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 21.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 21.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 21.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 21.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 21.16 Currency or values in currencies other than the base currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.
- 21.17 Where the ACD has reasonable grounds to believe that:
- 21.17.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a valuation point; or
- 21.17.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;
- 21.17.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price). The circumstances which may give rise to a fair value price being used include:
- 21.17.4 no recent trade in the security concerned; or
- 21.17.5 suspension of dealings in an underlying collective investment scheme;
- 21.17.6 the occurrence of significant movements in the markets in which the underlying collective investment schemes are invested since the last valuation point; or
- 21.17.7 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 21.17.8 In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to the type of authorised fund concerned, the securities involved; whether the underlying collective investment schemes may already have applied fair value pricing; the basis and reliability of the alternative price used; and the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

## **22 Price per Share in the Sub-fund and each Class**

- 22.1 The price per share at which shares are sold is the sum of the Net Asset Value of a share and any preliminary charge. The price per share at which shares are redeemed is the Net Asset Value per share less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution adjustment as described in Section 15 above.

## **23 Pricing basis**

- 23.1 The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

## **24 Publication of Prices**

- 24.1 The most recent price of shares will be published on the Margetts website and various on-line data agencies. They will also be available by telephoning the ACD on 0345 607 6808 and on its website: <https://www.mgtsfunds.com>.

## **25 Risk factors**

- 25.1 All investments in the Company involve risk. The risks set out below refer to the main risks factors for each Sub-Fund. "General" risks are those risks applicable to all Sub-Funds. "Specific Risks" are particularly relevant as defined under the investment objective and policy for each Sub-Fund. Potential investors should consider the following risk factors before investing in the Company:

### **25.2 General**

- 25.2.1 An investment in one or more of the Sub-funds will involve exposure to those risks normally associated with investment in fixed interest securities, stocks and shares. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the amount he has invested. There is no assurance that investment objectives of any Sub-fund will actually be achieved. The ACD does not guarantee any yield or return on capital in any Sub-Fund.

- a) In addition, the values, in pounds sterling terms, of investments that are not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of shares.
- b) Shares in all the Sub-funds should generally be regarded as long-term investments. Details of specific risks that apply to particular Sub-funds are set out in Appendix 1.
- c) Charges in respect of certain Sub-funds may be taken against capital rather than income. This may constrain capital growth of the Sub-fund in question and will be detailed in Appendix 1 if applicable.
- d) Where a preliminary charge or a redemption charge is imposed, a shareholder who realises his shares may not (even where there has been no fall in the value of underlying investments) realise the amount originally invested.
- e) Where no dilution adjustment is charged to investments in or out of a Sub-fund the effect of these purchases or sales could have a dilution effect on the Sub-fund which may reduce performance.

### **25.3 Counterparty and Settlement**

25.3.1 The Sub-funds will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### 25.4 **Custody**

25.4.1 There may be a risk of loss where the assets of the Sub-fund are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

#### 25.5 **Currency Exchange Rates**

25.5.1 Currency fluctuations may adversely affect the value of a Sub-fund's investments and the income thereon and, depending on a shareholder's currency of reference, currency fluctuations may reduce investment gains or income, or increase investment losses, in some cases significantly.

#### 25.6 **Inflation and Interest Rates**

25.6.1 The real value of any returns that an investor may receive from the Sub-fund could be affected by interest rates and inflation over time. If inflation falls or remains low, the yields on short-term inflation-linked securities will fall or remain low.

#### 25.7 **Liquidity**

25.7.1 In certain circumstances a Sub-fund may be invested in assets which cannot be liquidated in a timely manner at a reasonable price. This may impact the value of shares in a Sub-fund and the ability to redeem.

#### 25.8 **Management Risk**

25.8.1 A Sub-Fund may be subject to management risk because it is an actively managed investment fund. When managing a Sub-Fund and applying investment techniques and risk analyses, the Investment Manager's assessment of market or economic trends, their choice or design of any software models they use, their allocation of assets, or other decisions regarding how the Sub-Fund's assets will be invested cannot be guaranteed to ensure returns on investments.

#### 25.9 **Market Risk**

25.9.1 Prices and yields of many securities can change frequently and can fall based on a wide variety of factors. Examples of these factors include:

- a) Political and economic news;
- b) Government policy;
- c) Changes in technology and business practice;
- d) Changes in demographics, cultures and populations;
- e) Natural or human-caused disasters;
- f) Weather and climate patterns;
- g) Scientific or investigative discoveries; and
- h) Costs and availability of energy, commodities, and natural resources.

25.9.2 The effects of market risk can be immediate or gradual, short term or long-term, narrow or broad. This risk can apply to both the design and operation of computer models and can apply whether a model is used to support human decision-making or to directly generate trading recommendations. Flaws in software programs can go undetected for long periods of time.

- 25.10           **Operational Risk**
- 25.10.1        The operations of the Sub-Fund could be subject to human error, faulty processes or governance, or technological failures. Operational risks may subject the fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.
- 25.11           **Regulatory and Government Policy**
- 25.11.1        The laws that govern the Sub-Fund may change in future. Any such changes may not be in the best interest of the Sub-Fund and may have a negative impact on the value of your investment.
- 25.12           **Single Swinging Price - Impact on Fund Value and Performance**
- 25.12.1        The Company has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the Company, in order to protect investors from the effect of dilution. Dilution occurs where the Company is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the Company's published price and reported investment performance.
- 25.13           **Suspension and Termination**
- 25.13.1        Investors should note that in exceptional circumstances, the ACD may, after consultation with the Depositary, suspend the issue, cancellation, sale and redemption (including switching) of shares in any and all Sub-Funds and Shares Classes.
- 25.14           **Taxation**
- 25.14.1        Taxation laws and rates may change over time and could affect the value of investments in the Sub-fund and of the shares in the Sub-fund. See Section 35 for further details about taxation of the Sub-fund.
- 25.15           **Cancellation Rights**
- 25.15.1        Where cancellation rights are applicable, if shareholders choose to exercise their cancellation rights and the value of their investment falls before notice of cancellation is received by the ACD in writing, a full refund of the original investment may not be provided but rather the original amount less the fall in value.
- 25.16           **Shareholder's rights against service providers**
- 25.16.1        The Company relies on the performance of third party service providers, including the ACD, the Depositary, the Investment Manager and the Auditor. Further information in relation to the roles of the service providers is set out in this prospectus.
- 25.16.2        No Shareholder shall have any direct contractual claim against any service provider with respect to such service provider's default. Any Shareholder who believes they may have a claim against any service provider in connection with their investment in a Sub-fund, should consult their legal adviser.
- 25.17           **Dilution Provisions Risk**

25.17.1 In certain circumstances a dilution adjustment may be made on the purchase or redemption of shares. In the case of purchases this will reduce the number of shares acquired, in the case of redemptions this will reduce the proceeds. Where a dilution adjustment is not made, existing investors in the Sub-Fund in question may suffer dilution which will constrain capital growth.

## 25.18 **Risks associated with leaving the European Union**

25.18.1 On 31 January 2020, the UK left the European Union, a process known as Brexit, whilst the transition period part of it ended on until 31 December 2020. The political, economic and legal consequences of Brexit are still not completely defined. In the short term, from 2021 there may be increased volatility in the financial markets, particularly in the UK and across Europe. Changes in currency exchange rates may make it more expensive dealing in investments that are not denominated in pound Sterling. After the end of the transition period, and the conclusion of the EU regarding Brexit terms, there might be a period of political, regulatory and commercial uncertainty whilst the UK implements the terms of its new regime. There might be circumstances in which share transfers and redemptions may be impacted, in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA, including deferred redemptions, the implementation of fair value pricing or suspension of the Sub-Funds.

## 25.19 **Default Risk**

25.19.1 The issuers of certain bonds or other debt instruments could become unable to make payments.

## 25.20 **Suspension of Dealings in Shares Risk**

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

## 25.21 **Eurozone Risk**

25.21.1 A Sub-Fund's investments and its investment performance may be affected by economic or financial events relating to the Euro or the Eurozone. The ongoing deterioration of the sovereign debt of several Eurozone countries together with the risk of contagion to other more stable countries has exacerbated the global economic crisis. The growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily), could have a negative impact on the Fund's investment activities. Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Company. If the Euro is dissolved entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of investors' interests in the Company.

## 25.22 **Specific Risks**

## 25.23 **Emerging Markets**

- 25.23.1 Where Sub-funds invest in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.
- 25.23.2 Investment in emerging markets may involve a higher than average risk.
- 25.23.3 Investors should consider whether or not investment in such Sub-funds is either suitable for or should constitute a substantial part of an investor's portfolio.
- 25.23.4 Companies in emerging markets may not be subject:
- a) to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
  - b) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.
- 25.23.6 Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.
- a) Restrictions on foreign investment in certain securities may be imposed on certain Sub-funds and as a result, may limit investment opportunities for the Sub-funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.
  - b) The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.
- 25.23.7 Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.
- 25.24 **Derivatives**
- 25.24.1 The Sub-Funds may invest in derivatives and forward transactions for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments. The Investment Adviser may enter into certain derivatives transactions, including, without limitation, forward transactions, futures, swaps and options. The values of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Sub-Fund assets. There is also the potential for the capital appreciation of such assets.
- 25.24.2 Derivatives may be used by each of the Sub-Funds for the purposes of efficient portfolio management (including hedging). A Sub-Fund may use derivatives for investment purposes only where this has been set out in the Investment Objective and Policy of the Sub-Fund in Appendix 1. The use of derivatives may mean that the net asset value of a particular Sub-Fund could be subject to volatility from time to time however, it is the ACD's intention that the Sub-Funds, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the relevant markets or their underlying investments and therefore it is not anticipated that the use of derivative techniques will alter or change the market risk profile of the relevant Sub-Funds.
- 25.24.3 Efficient portfolio management enables the Sub-Funds to invest in derivatives and forward transactions (including futures and options) in accordance with COLL using



techniques which relate to transferable securities and approved money market instruments (as defined in COLL) 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;
  - (i) reduction of risk and/or;
  - (ii) reduction of cost and/or;
  - (iii) generation of additional capital or income for the Sub-Funds with a risk level which is consistent with the risk profile of the relevant Sub-Fund and the risk diversification rules in COLL (as summarised in Appendix 2).

25.24.4 There is no guarantee that the Sub-Fund will achieve the objective for which it entered into a transaction in relation to efficient portfolio management. The use of financial derivative instruments may result in losses for investors.

25.24.5 Derivatives contracted with a single counterparty can increase the credit risk exposure of the Sub-Fund while those listed on exchanges attract less credit risk exposure. The Sub-Fund will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults, the Sub-Fund may suffer losses as a result. Therefore, the Sub-Funds aim to transact using derivatives listed on exchanges to minimise credit risk where applicable. Cash margin is posted in relation to exchange traded derivatives positions. The counterparty for any derivative securities held which are not listed on an exchange, would be an approved credit institution. Counterparty risk exposures will be aggregated across both financial derivative instruments and efficient portfolio management techniques where applicable. The exposure to any one counterparty in a derivative transaction must not exceed 5% in value of the property of the Sub-Fund; this limit being raised to 10% where the counterparty is an approved credit institution.

25.24.6 The Sub-Funds do not currently post or receive collateral since this is not required for the types of securities and derivatives being transacted. Should this situation change, a policy defining eligible collateral, applicable haircuts (and by this we mean the difference between the price at which derivatives are bought and sold in the market) and any additional restrictions deemed appropriate by the ACD will be established prior to any changes being implemented.

## 25.25 **Over the counter (OTC) Derivatives risk**

25.25.1 Because OTC derivatives are in essence private agreements between a Sub-Fund and one or more counterparties, they are regulated differently than market-traded securities. They also carry greater counterparty and liquidity risks; in particular, it may be more difficult to force a counterparty to honour its obligations to a Sub-fund. A downgrade in the creditworthiness of counterparty can lead to a decline in the value of OTC contracts with that counterparty. If counterparty ceases to offer a derivative that a fund had been planning on using, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.

25.25.2 Because it is generally impractical for the Company to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the Company which could leave the Company unable to operate efficiently and competitively.

## 25.26 **Leverage**

25.26.1 The Sub-Funds are permitted to use leverage in line with their ability to invest in derivatives and forward transactions. Leverage enables a Sub-Fund to increase its risk profile, producing a multiplication effect on positive returns but also increases the potential for larger losses.

25.26.2 The Sub-Funds have not granted any guarantees in relation to leveraging arrangements or any rights to reuse collateral.

25.26.3 Global Exposure is calculated using the commitment approach. The commitment approach converts the derivatives into the equivalent position in the underlying assets and therefore measures the incremental exposure provided via derivatives. In accordance with COLL, the global exposure of the fund must not exceed 100% of the Fund's net asset value after any applicable netting and hedging has been removed.

25.26.4 The maximum leverage of the Sub-Fund is calculated using the "commitment leverage" methodology has been set according to the following table:

<b>Fund</b>	<b>Maximum Commitment Leverage</b>
Refined Growth Fund	2:1
Future Wealth Fund	1.5:1

## 25.27 **Political Risk**

25.27.1 The value of each Sub-fund may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

25.27.2 Events and evolving conditions in certain economies or markets may alter the risks associated with investments in countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in emerging markets.

## 25.28 **Cyber Security**

25.28.1 Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or the parties; violations of privacy and other laws,; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in

which a Sub-fund invests and parties with which the Company engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to a Sub-fund or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Company invests or with which it does business.

## 25.29 **Regular Savings Plan**

25.29.1 If a shareholder starts making regular monthly investments with a view to saving for a specific objective, they should regularly review whether these investments will be sufficient to achieve their objective. Shareholders may not achieve their objective if they do not continue to invest regularly with a sufficient amount, or the investments do not appreciate sufficiently.

## 25.30 **Investment in Collectives**

25.30.1 The Sub-funds may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are inconsistent with those of the Sub-fund concerned.

25.30.2 Unregulated collective investment schemes in which the Company may invest up to 20% of its scheme property may invest in highly illiquid securities that may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. You should understand a Sub-fund's valuation process and know the extent to which a Sub-fund's securities are valued by independent sources and liquidity constraints. Subject to COLL, the Company may invest in unregulated collective investment schemes (including hedge funds). Such investment in unregulated collective investment schemes carries additional risks as these schemes may not be under the regulation of a competent regulatory authority, may use leverage techniques and may carry increased liquidity risk as units/shares in such schemes may not be readily realisable.

25.30.3 The Company may bear the expenses and annual management charge of collective investment schemes which are held as part of the scheme property.

## 25.31 **Fixed Interest Securities**

25.31.1 Fixed interest securities (such as bonds) are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. The value of a fixed interest security may fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. The liquidity of many fixed interest securities issued by corporations or banks, in particular those issued by less well capitalised companies, is likely to be particularly reduced during times of market stress reducing the ability of the ACD to sell holdings at an acceptable price and in a timely manner.

25.31.2 Below Investment Grade Bonds are considered speculative. Compared to investment

grade bonds, the prices and yields of below investment grade bonds are more volatile and more sensitive to economic events, and the bonds are less liquid and carry greater default risk.

- 25.31.3 Unrated securities will be considered for investment by a Sub-Fund when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the Sub-Fund to a degree comparable to that of rated securities which are consistent with the Sub-Fund's objectives and policies.
- 25.31.4 Certain securities may become distressed when the issuer of such securities enters into default or is in high risk of default. While these securities can offer high rewards, they are highly speculative, can be very difficult to value or sell, and often involve complex and unusual situations and extensive legal actions involving multiple parties whose outcome is quite uncertain. There can be no assurance that investment will generate returns to compensate investors adequately for the risks assumed without experiencing a loss.
- 25.31.5 Debt issued by governments and government-owned or -controlled entities can be subject to additional risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment.
- 25.31.6 Even if a government issuer is financially able to pay off its debt, investors may have little recourse should it decide to delay, discount or cancel its obligations, as the main avenue to pursue payment is typically the sovereign issuer's own courts.
- 25.31.7 Investment in sovereign debt exposes the Sub-Fund to direct or indirect consequences of political, social, and economic changes in various countries

## 25.32 **Financial Indices**

- 25.32.1 The Sub-Funds may invest in securities embedding exposure to financial indices. Any such index must meet the regulatory requirements including being sufficiently diversified, having a clear objective, not relating to a single commodity or concentration of related commodities, being an adequate benchmark for the relevant market, having clear guidelines for the selection of index components, being replicable, having the calculation methodology pre-determined and published, rebalancing at an appropriate frequency, being subject to an independent valuation, not permitting retrospective changes, not permitting payments from potential index components for inclusion in the index, and having the index constituents and weightings published. The ACD has risk management procedures in place to ensure that any securities embedding exposure to a financial index meet all of the required regulations.

## 25.33 **Structured Products**

- 25.33.1 For the purposes of the FCA's rules structured products may be regarded as either transferable securities, collective investment schemes or derivatives depending on the product in question.
- 25.33.2 The common feature of these products is that they are designed to combine the potential upside of market performance with limited downside. Structured products typically are investments which are linked to the performance of one or more

underlying instruments or assets such as market prices, rates, indices, securities, currencies and commodities and other financial instruments that may introduce significant risk that may affect the performance of the Sub-Funds.

25.33.3 Downside protection commonly offered by structured products is often limited and provided by barrier options. This means that once a barrier (a specified price or level of the underlying asset) is reached the product will provide a capital loss, which is often equivalent to the loss of the underlying asset.

25.33.4 Structured products are typically issued by banks as bonds or preference shares. The payment of principal and the terms of the product are subject to credit risk. Credit risk is the risk that the counterparty cannot pay the terms or the principal back to the investor, meaning capital is at risk.

25.33.5 Structured products will have a defined maturity and may be autocallable. Autocalls pay out a bonus if the underlying – typically equity indexes – pass a barrier price or level, at which point it automatically matures and the investor's principal is returned along with the bonus(s). At the point the product matures, the terms available on new products may be different, which introduces reinvestment risk. The risk that the reinvestment of proceeds is on worse terms than the original investment.

25.33.6 Structured products provide a significant level of flexibility and countless investment options, this level of flexibility allows the investment manager to target certain payoffs and diversify the portfolio. Due to the number of variations, structured products are similar to bonds and are not homogenous (the same). Although structured products can be listed on an exchange, there is typically a relatively small number of buyers and sellers for any particular issue, it will often be the issuing bank that will provide liquidity for the products. The banks are incentivised to provide liquidity, however this is not guaranteed and therefore as with other transferable investments, such as bonds there is liquidity risk. This is the risk that the investment manager cannot find a buyer for the structured products to meet redemption demands should they fall due, or the price achieved in order to create liquidity is lower than expected.

## 25.34 **Investment In Real Estate Investment Trusts**

25.34.1 Real Estate Investment Trusts (REITs) and listed Infrastructure investments. Investment in REITS and listed Infrastructure are equity investments carrying similar equity investment risks to those of other equity investments but, through these holdings, may also be subject to adverse effects from weaknesses and/or fluctuations in real estate prices.

## 25.35 **Focused Portfolios**

25.35.1 Where a Sub-fund uses a 'focused portfolio' to achieve its investment objective it may invest in fewer investments or use fewer markets than other Sub-Funds and consequently, the risk associated with a focused portfolio may be greater as fluctuations in the value of one investment may have a greater impact on the value of the Sub-Fund as a whole. If the fund is a focussed portfolio appropriate risk warnings will be included in Appendix 1.

## 25.36 **ESG Portfolios**

25.36.1 Where a Sub-fund has an Environmental, social or governance (ESG) focus, it will filter investments for ESG criteria, reducing the investment universe available. There

is therefore a risk of losing some diversification from a smaller universe, similar to that of a focussed portfolio, described above.

## 25.37 **Property**

25.37.1 Investments in property carries specific risks due to the inherently illiquid nature of property investment. Although the Sub-funds provide daily dealing, there may be times when the Sub-fund experiences a high level of redemption requests, or the valuation of properties becomes uncertain, if applicable. In these situations, it is the role of the ACD and depositary to treat investors fairly, which may delay investors being able to make redemptions requests or receiving proceeds from their redemptions.

25.37.2 Other risks that are specific to property investment include: -

### a) Property Liquidity Risk

Immovable property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process which may mean that investors are not able to sell their investment when they want to, or they may receive a lower price than expected.

### b) Property Transaction Charges

Property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.

### c) Property Valuation Risk

Properties have unique properties, which makes them more complicated to value. Property valuation risk is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.

## 25.38 **Equity Securities Risk**

25.38.1 Equities are securities that represent an ownership interest in an issuer. Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.

25.38.2 Equities may be purchased in the primary or secondary market. Purchases in the primary market through initial public offerings may involve higher risks due to various factors including limited numbers of available shares, unfavourable trading conditions, lack of investor knowledge, and lack of operating history of the issuing Company.

## 25.39 **Hedging Risk**

25.39.1 Hedging may be used in connection with managing a Sub-Fund as well as for certain currency hedge share classes including partially hedged share classes. Any attempts to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss.

- 25.39.2 Any measures that a Sub-Fund takes that are designed to offset specific risks may work imperfectly, may not be feasible at times, or may fail completely.
- 25.39.3 Hedging involves costs, which could reduce investment performance. Therefore, with any share class that involves hedging both at the Sub-Fund level and the share class level, there could be two levels of hedging, some of which may yield no benefit (for example, at the Sub-Fund level, a fund may hedge sterling denominated assets to US dollars, while a sterling hedged share class of the Sub-Fund would then reverse that hedge as appropriate).
- 25.39.4 Risks related to share class currency hedging (such as counterparty risk) could affect investors of other share classes.
- 25.39.5 As there is no segregation of liabilities between the various share classes within a Sub-Fund, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to a partially hedged share class could result in liabilities which might affect the Net Asset Value of the other share classes of the same Sub-Fund, in which case assets of the other share classes of the Sub-Fund may be used to cover the liabilities incurred by such partially hedged share class.

#### 25.40 **Illiquid or Restricted Securities Risk**

- 25.40.1 Certain securities may be hard to value or sell at a particular time due to market illiquidity or restrictions on their resale. This may include securities that are generally considered to be illiquid or restricted, due to conditions associated with the security, such as bond offerings under Rule 144A of the SEC and securities that represent a small issue, trade infrequently, or are traded on markets that are comparatively small or have long settlement times. Selling illiquid or restricted securities usually requires more time and costs are often higher.

#### 25.41 **Small and Mid-Cap Stock Risk**

- 25.41.1 Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. These risks may be greater in emerging and frontier markets. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks. Initial public offerings (IPOs) can be highly volatile and can be hard to evaluate because of a lack of trading history and relative lack of public information.

## 26 **Liabilities of the Company and the Sub-funds**

- 26.1 The assets of the Sub-funds belong exclusively to that Sub-fund so that each Sub-fund has segregated liability from other Sub-funds. As such, the assets of one Sub-fund shall not be used to discharge the liabilities of or claims against the umbrella company or any other person or body, or any other Sub-fund, and shall not be available for any such purpose.
- 26.2 While the provisions of the OEIC Regulations provide for the segregated liability between Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will treat such segregation of liability between Sub-funds.
- 26.3 Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

## **27 Risk Management**

- 27.1 Upon request to the ACD a shareholder can receive information relating to:
- a) the quantitative limits applying in the risk management of a Sub-fund of the Company;
  - b) the methods used in relation to 27.1; and
  - c) any recent developments of the risk and yields of the main categories of investment in the Sub-fund.

## **28 Past Performance Data**

- 28.1 Historical performance data for the each Sub-fund is set out at Appendix 7.

## **29 Fees and Expenses**

### **29.1 General**

- 29.1.1 The Sub-fund may pay out of the Scheme Property of the Sub-fund charges and expenses incurred by the Sub-fund, which will include the following expenses:
- 29.1.1.1 the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager) and to the Depositary;
  - 29.1.1.2 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Sub-fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - 29.1.1.3 fees and expenses of the administrator and in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
  - 29.1.1.4 any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
  - 29.1.1.5 any costs incurred by the Company in publishing the price of the shares in a national or other newspaper;
  - 29.1.1.6 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
  - 29.1.1.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
  - 29.1.1.8 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;



- 29.1.1.9 any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
- 29.1.1.10 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;
- 29.1.1.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 29.1.1.12 taxation and duties payable in respect of the property of the Company or the issue or redemption of shares;
- 29.1.1.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 29.1.1.14 the fees of the FCA under the FCA Regulations, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- 29.1.1.15 the costs of preparing, updating and printing (and translation where required) this prospectus, the simplified prospectuses or Key Investor Information Document as appropriate, the Instrument of Incorporation, statements and contract notes and the costs of distributing this prospectus and the instrument of incorporation and any other information provided to shareholders and any other administrative expenses related to this Section 29.1.1.15 (but not the cost of disseminating the Key Investor Information Document);
- 29.1.1.16 the Depositary's expenses, as detailed in Section 32 below;
- 29.1.1.17 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 29.1.1.18 any payments otherwise due by virtue of the FCA Regulations;
- 29.1.1.19 any fees, expenses or disbursements in respect of any transfer agency service are detailed below and subject to annual inflationary increases (capped at a maximum of 3% per annum);

Asset Fees:

<i>First two share classes:</i>	<i>£1,146.02 per annum</i>
<i>Additional share classes:</i>	<i>£684.98</i>
Management Accounts:	£2,578.55 per annum
Distribution Costs:	£526.91 per distribution per share class
Postal Deals:	£14.75
Telephone Deals:	£11.60
Switches:	£28.64 per client
Stock Transfers:	£22.50
Electronic Deals:	£8

29.1.1.20 any costs in respect of the preparation and calculation of the net asset value and price of shares in the Sub-funds and the publication and circulation thereof (including the costs of electronic data/information sources) and the costs of obtaining fund ratings and benchmark costs;

29.1.1.21 any value added or similar tax relating to any charge or expense set out herein.

29.1.2 Value Added Tax is payable on these charges where appropriate.

29.1.3 Expenses are allocated between income and capital in accordance with the FCA Regulations. The ACD's annual management charge is currently taken from income for all Sub-funds. Any change to the approach of deducting any charge or expense from income or capital shall be subject to the consent of the Depositary and either the consent of shareholders or the expiry of 60 calendar days' notice to shareholders.

### **30 Charges payable to the ACD**

30.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of each Sub-fund an annual management charge.

30.2 The annual management charge is based on the net asset value of each Sub-fund on each business day, accrues daily and is payable monthly in arrears on the last Dealing Day of each month. The current management charges are set out in Appendix 1.

30.3 The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in shares.

30.4 The ACD's annual management charge is taken from income. However, where the amount of income received by one of these Sub-funds is insufficient to pay the annual management charge plus all other expenses attributable or apportioned to the relevant Sub-fund, then some or all such charges and expenses may be charged against the capital of the relevant Sub-fund. This will only be done with the approval of the Depositary and may constrain Capital Growth.

30.5 The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of shareholders in the Company.

30.6 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

### **31 Investment Manager's fees**

31.1 The Investment Manager's fees and expenses (plus VAT thereon) are paid by the ACD out of its remuneration under the ACD Agreement.

## 32 Depositary's Fee

- 32.1 The Depositary receives for its own account a periodic fee which will accrue daily and is payable within seven days after the last Dealing Day in each month. The fee is calculated by reference to the value of each Sub-fund on the immediately preceding Dealing Day except for the first accrual which is calculated by reference to the first Valuation Point of each Sub-fund. The fee is payable out of the property attributable to each Sub-fund. The rate of the periodic fee is agreed between the ACD and the Depositary from time to time.
- 32.2 The current rate is 0.04% on the first £50 million, 0.03% on the next £50 million, 0.02% on the next £50 million and 0.01% on the balance, plus VAT in each case. Fees are subject to a minimum of £5,000 plus VAT per annum.
- 32.3 The first accrual in relation to any Sub-fund will take place in respect of the period beginning on the day on which the first valuation of that Sub-fund is made and ending on the last Dealing Day of the month in which that day falls.
- 32.4 The remuneration payable to the Depositary out of the property attributable to each Sub-fund for its services also includes transaction charges and custody charges. Transaction charges vary from country to country, dependent on the markets and the value of the stock involved and subject to a current range of £10 (UK) to £100 (Bangladesh) and accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Dealing Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges again vary from country to country (usually between 0.01% (UK) and 0.7% (Bangladesh) per annum) depending on the markets and the value of the stock involved and accrue and are payable as agreed from time to time by the ACD and the Depositary.
- 32.5 In addition to the fees and charges payable to the Depositary referred to above, the amount payable to the Depositary out of the property attributable to any Sub-fund by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the OEIC Regulations or the FCA Regulations) referable to (but not limited to):
- a) custody of assets (including overseas custody services);
  - b) the acquisition holding and disposal of property;
  - c) the collection and distribution to shareholders of dividends, interest and any other income;
  - d) the maintenance of distribution accounts;
  - e) the conversion of foreign currency;
  - f) registration of assets in the name of the Depositary or its nominee or agents;
  - g) borrowings, stock lending or other permitted transactions;
  - h) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
  - i) taxation matters;

- j) insurance matters;
- k) dealings in derivatives;
- l) costs and charges relating to banking and banking transactions;
- m) preparation of the Depositary's annual report;
- n) taking professional advice;
- o) conducting legal proceedings;
- p) the convening and/or attendance at meetings of shareholders; and
- q) modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.

32.6 The Depositary will also be paid by the Company out of the property attributable to each Sub-fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the FCA Regulations or by the general law.

32.7 The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.

32.8 On a winding up of the Company, the termination of a Sub-fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

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

32.10 In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depositary.

32.11 Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds.

### **33 Allocation of Fees and Expenses between Sub-funds**

33.1 All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro-rata to the value of the net assets of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

## **34 Shareholder Meetings and Voting Rights**

The Company does not hold annual general meetings.

### **34.1 Requisitions of Meetings**

34.1.1 The ACD may requisition a general meeting at any time.

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

### **34.2 Notice of Quorum**

34.2.1 Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for an Adjourned Meeting is also two shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

### **34.3 Voting Rights**

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

34.3.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.

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

34.3.4 Except where the FCA Regulations or the Instrument of Incorporation of the Company requires an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

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

34.3.6 "Shareholders" in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

## **35 Class and Sub-fund Meetings**

- 35.1 The above provisions, unless the context otherwise requires, apply to Share Class meetings and meetings of Sub-funds as they apply to general meetings of shareholders. However, an extraordinary resolution will be required to sanction a variation of class rights.
- 35.2 The rights attached to a class or Sub-fund may not be varied without the sanction of a resolution passed at a meeting of shareholders of that Share Class or Sub-fund by a seventy-five per cent majority of those votes validly cast for and against such resolution.

## **36 Taxation**

### **36.1 Taxation Of The Company**

#### 36.1.1 Income

- 36.1.1.1 The Company will be liable to corporation tax on its taxable income, less management and other allowable expenses, at the same rate as the lower rate of income tax (currently 20%). Dividends from UK resident companies and other UK authorised investment funds are not generally chargeable to corporation tax.

#### 36.1.2 Capital gains

- 36.1.2.1 Capital gains accruing to the Company will be exempt from UK tax on chargeable gains.

#### 36.1.3 Stamp duty reserve tax (“SDRT”)

- 36.1.3.1 Generally, there will be no Stamp duty reserve tax (SDRT) charge 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.

### **36.2 Taxation Of The Shareholder**

#### 36.2.1 Income

##### 36.2.1.1 Dividend distributions

- 36.2.1.1.1 It is anticipated that all distributions by the Sub-fund will be in the form of dividend distributions and that, accordingly, the Sub-fund will not pay any interest distributions.

##### 36.2.1.2 UK resident individual shareholders

- 36.2.1.2.1 When the Sub-fund makes a dividend distribution in respect of income shares (or is deemed to make such a distribution in respect of accumulation shares) a UK resident individual shareholder will be treated for UK income tax purposes as having taxable income equal to the gross amount of the dividend distribution. For these purposes dividend income is treated as the top slice of an individual’s income.

- 36.2.1.3 Corporate shareholders within the scope of corporation tax
  - 36.2.1.3.1 A dividend distribution made by the Sub-fund in respect of income shares (or deemed to be made in respect of accumulation shares) to a corporate shareholder which, whether UK resident or not, is within the charge to corporation tax in respect of its investment in the Sub-fund will, if the income of the Sub-fund is not wholly derived from UK dividends, be split into franked and unfranked parts. Very broadly, the unfranked part corresponds to such part of the Sub-fund's gross income as does not derive from franked investment income. The franked part will be treated in the same way as a dividend from a UK resident company. The unfranked part will be treated as an annual payment received after deduction of income tax at the lower rate from a corresponding gross amount and the corporate shareholder will be liable to corporation tax on it accordingly, but with the benefit of credit for, or repayment of, the income tax deemed deducted at source. If the corporate shareholder is not resident in the UK, the limit in Section 152(a) of the Finance Act 2003 on the extent to which its income is chargeable to corporation tax may be applicable.
  - 36.2.1.3.2 Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the Sub-fund.
- 36.2.1.4 Non-UK resident shareholders
  - 36.2.1.4.1 Generally non-UK resident shareholders are not subject to UK tax on dividend income pursuant to the provisions of any double tax treaty between the UK and the country in which they are resident or by the provisions of section 811 of the Income Tax Act 2007 or, in the case of non-resident companies, section 815 of the Income Tax Act 2007.
- 36.2.1.5 Equalisation
  - 36.2.1.5.1 Where income equalisation applies to income (but not accumulation) shares, the part of the issue price of shares which reflects accrued income and is returned to the shareholder with the first allocation of income following the issue is deducted from the shareholder's capital gains tax base cost in the shares. In the case of accumulation shares, the capital is not distributed but remains invested throughout.
- 36.2.1.6 EU Directive on Taxation of Savings Income
  - 36.2.1.6.1 Any person regarded as a "paying agent" for the purposes of the Taxation of Savings Income Directive (EC Directive 2003/48/EC) may be required to disclose details of payments of interest and other income (which may include distributions or redemption payments by collective investment funds) to shareholders who are individuals or residual entities to HM Revenue & Customs, who will pass such details to the Member State where the shareholder resides.
- 36.2.2 Capital gains
  - 36.2.2.1 UK resident individual shareholders

- 36.2.2.1.1 An individual shareholder who is resident or ordinarily resident in the UK (including, in some cases, a shareholder who is only temporarily non-UK resident) will be liable to capital gains tax on any chargeable gain accruing to him on the disposal or deemed disposal (including conversion or redemption) of his shares in the Sub-fund. He may also be entitled to set all or part of his gains against his annual capital gains tax execution.
- 36.2.2.1.2 UK resident or ordinarily resident individuals are subject to capital gains tax at rates which depend on the extent to which they have income falling within certain income tax bands.
- 36.2.2.2 Corporate shareholders within the scope of corporation tax
  - 36.2.2.2.1 Subject to the possible application of the rules treating a shareholding in the Sub-fund as a loan relationship, a corporate shareholder which, whether UK resident or not, is within the charge to corporation tax in respect of its investment in the Sub-fund will be liable to corporation tax on any chargeable gain accruing to it on the disposal or deemed disposal (including conversion or redemption) of its shares in the Sub-fund.
- 36.2.2.3 Non-UK resident shareholders
  - 36.2.2.3.1 A shareholder who is neither resident nor ordinarily resident in the UK will not normally be liable to UK tax on capital gains accruing to them on the disposal or deemed disposal of his shares in the Sub-fund, except where the holding is connected with a trade, profession or vocation carried on by him in the UK through a branch, agency or permanent establishment or he falls within certain anti-avoidance provisions relating to temporary non-UK residence.
- 36.2.3 Inheritance Tax
  - 36.2.3.1 A gift by a Shareholder of their Shareholding in a Sub-fund or the death of a Shareholder may give rise to a liability to inheritance tax, even if the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.
- 36.2.4 Shareholding in the Sub-fund treated as a loan relationship
  - 36.2.4.1 Special rules apply to corporate shareholders within the charge to corporation tax which in certain circumstances could result in their shares being treated for the purposes of the UK's corporate debt rules as rights under a creditor relationship of the corporate shareholder. A fair value basis of accounting would have to be used, for corporation tax purposes, as respects the deemed creditor relationship.
  - 36.2.4.2 **The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are the absolute beneficial owners of a holding in the Sub-fund and their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as financial institutions). It should not be treated as legal**



**or tax advice and, accordingly, any investor who is in any doubt as to his UK tax position in relation to the Sub-fund should consult his UK professional adviser.**

### **36.2.5 US Foreign Account Tax Compliance Act 2010 and OECD International Tax Compliance**

- 36.2.5.1 Cross-border tax compliance is subject to international standards for the automatic exchange of tax information relating to US taxpayers (under FATCA) and taxpayers in CRS participating jurisdictions respectively.
- 36.2.5.2 In the UK, the International Tax Compliance Tax Regulations 2015 adopt the UK's reporting obligations under FATCA and CRS and consequently certain reporting obligations in relation to shareholders apply. Information from shareholders and prospective shareholders in order to ascertain their tax status may be required along with annual reporting to HMRC of information about the shares held by shareholders who are, or who are controlled by a person or persons who are, tax resident in or citizens of the US or who are tax resident in a CRS participating country, including details of payments made to the shareholder (which may include payments arising from redemption of shares).
- 36.2.5.3 Under FATCA, if the shareholder is a specified US person, a US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the information on these shareholders and the shares held by them will need to be reported to HMRC. HMRC will in turn report the relevant information to the IRS. Provided that these provisions are followed, the Sub-fund will not be subject to withholding tax under FATCA.
- 36.2.5.4 Under CRS, if the shareholder is tax resident in a CRS participating country or does not provide the requisite documentation, information on these shareholders will need to be reported to HMRC. As part of the automatic information exchange between the CRS countries, HMRC will report the relevant information to the responsible tax authorities. Within the EU, CRS has been implemented by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 and became effective among most EU member states from 1 January 2016.
- 36.2.5.5 Shareholders and intermediaries should note that it is existing policy of the ACD that shares are not being offered or sold for the account of US Persons or shareholders who do not provide the appropriate FATCA information or CRS information. Subsequent transfers of shares to US Persons are prohibited. If shares are beneficially owned by any US Person or a person who has not provided the appropriate FATCA or CRS information, the ACD may in its discretion compulsorily redeem such shares.

## **37 Income Equalisation**

- 37.1 Income equalisation, as explained below, may apply in relation to certain Sub-funds of the Company, as detailed in Appendix 1.

- 37.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Sub-fund. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.
- 37.3 The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

## **38 Winding up of the Company or Termination of a Sub-fund**

- 38.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations. A Sub-fund may only be terminated under the FCA Regulations.
- 38.2 Where the Company is to be wound up or a Sub-fund terminated under the FCA Regulations, such winding up / termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.
- 38.3 The Company may be wound up or a Sub-fund terminated under the FCA Regulations if:
- 38.3.1 an extraordinary resolution to that effect is passed by shareholders; or
- 38.3.2 the period (if any) fixed for the duration of the Company or a Sub-fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Sub-fund terminated (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or
- 38.3.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the Sub-fund;
- 38.4 On the occurrence of any of the above:
- 38.4.1 the parts of the FCA Regulations and the Instrument of Incorporation relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or the Sub-fund;
- 38.4.2 the Company will cease to issue and cancel shares in the Company or the Sub-fund and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company or the Sub-fund;
- 38.4.3 no transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- 38.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

- 38.4.5 the corporate status and powers of the Company and, subject to the provisions of paragraphs 38.4.1 and 38.4.4 above, the powers of the ACD shall remain until the Company is dissolved.
- 38.4.6 The ACD shall, as soon as practicable after the a Sub-fund falls to be terminated, realise the assets and meet the liabilities of the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of termination, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Sub-fund. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Sub-fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Sub-fund. This section 38.4.6 shall apply to the Company in the event that the Company falls to be wound up as if references herein to the Sub-fund are to the Company as a whole.
- 38.4.7 As soon as reasonably practicable after completion of the winding up of the Company or the termination of a Sub-fund, the ACD shall notify the FCA.
- 38.4.8 On completion of a winding up of the Company, 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.
- 38.4.9 Following the completion of the winding up of the Company or the termination of a Sub-fund, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.
- 38.4.10 Following the completion of a winding up of either the Company or the termination of a Sub-fund, the ACD must prepare a final account showing how the winding up / termination took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up.

## **39 General Information**

### **39.1 Accounting Periods**

- 39.1.1 The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The interim accounting period of the Company ends each year on 30 June.

### **39.2 Income Allocations**

- 39.2.1 Allocations of income are made in respect of the income available for allocation in each accounting period.
- 39.2.2 Distributions of income in respect of Income Shares for each Sub-fund are paid on or before the annual income allocation date of last day of February and on or before the interim allocation date of 31 August in each year.

- 39.2.3 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Sub-fund and if no longer in existence then to the Company.
- 39.2.4 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the Company or the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.
- 39.2.5 In relation to income shares, distributions of income for each Sub-fund in which income shares are issued are paid by cheque or BACS directly into a shareholder's bank account on or before the relevant income allocation date in each year. Where any income is to be paid out to a shareholder by cheque, a cheque will be sent at the shareholder's risk by first class post to the last address notified by the shareholder to the ACD. It will be deemed to be received on the second day after posting and the ACD will not be responsible for any delay except as a result of the ACD's negligence. If the mailing goes astray or is intercepted the ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation. Where any income is to be paid by direct credit, payment will be made into the bank or building society account last notified by the shareholder to the ACD. It will be deemed to be received on the income allocation date. The ACD will not be responsible if the payment is delayed except where as a result of the ACD's negligence. The ACD will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.

### **39.3 Annual Reports**

- 39.3.1 Annual reports of the Company will be published within four months of each annual accounting period and half-yearly reports will be published within two months of each interim accounting period, however no half-yearly report will be published in the Company's first accounting period. The half yearly and annual reports can be found on the website: [www.mgtsfunds.com](http://www.mgtsfunds.com). paper copy of these are available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

### **39.4 Documents of the Company**

- 39.4.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Dealing Day at the offices of the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR:
- 39.4.1.1 the most recent annual and half-yearly reports of the Company;
  - 39.4.1.2 the Instrument of Incorporation and Prospectus (and any amending instrument of incorporation or Prospectus);
  - 39.4.1.3 the remuneration policy of the ACD; and
  - 39.4.1.4 the ACD Agreement between the Company and the ACD.

Any shareholder may obtain copies of these documents on request to the ACD.

39.4.2 The ACD may make a charge at its discretion for copies of documents.

### **39.5 Changes to investment strategy or investment policy, or both**

39.5.1 Under the FCA Regulations, the ACD is required to determine which one of the following three categories the changes to Sub-fund operation fall within:

39.5.1.1 Fundamental events which change the nature of the Sub-fund or the basis on which the investor invested. For example, changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval.

39.5.1.2 Significant events which would materially affect an investor's investment, result in increased payments out of the Sub-fund, or could reasonably be expected to cause investors to reconsider their participation in the Sub-fund. Those should be notified pre-event to investors and in sufficient time to enable them to leave the Sub-fund, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.

39.5.1.3 Notifiable events for which the ACD would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event.

### **39.6 Treating Customers Fairly**

39.6.1 The ACD seeks to ensure that its customers are treated fairly at all times. This objective is embedded in the operations and culture of the firm and is considered and delivered at every level and kept under review, which also ensures compliance with certain FCA Principles for Firms (as stated in PRIN 2.1 of the FCA's Principle for Business sourcebook). The ACD has the appropriate policies and procedures in place to ensure it provides fair treatment to investors and details are available on the ACD's website and upon request.

### **39.7 Service of Notices**

39.7.1 Where a notice is required to be served on a shareholder in writing it shall be provided to the registered address of the shareholder or in such other form as agreed with any shareholder.

### **39.8 Complaints**

39.8.1 Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service whose contact number is 0800 023 4567. Complaints can also be made online on the Financial Ombudsman website, whose contact number is 0800 023 4567. Complaints can also be made online on the Financial Ombudsman website, [www.financial-ombudsman.org.uk/contact-us/how-to-complain](http://www.financial-ombudsman.org.uk/contact-us/how-to-complain).

### **39.9 Remuneration**

39.9.1 The remuneration policy and, where required by the FCA, how benefits are calculated and details of the remuneration committee can be found on the website: [EEA Remuneration Policy \(margetts.com\)](http://www.margetts.com). A paper copy of this is available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

## 39.10 Data Protection

39.10.1 The personal information you provide on an application form and any subsequent contact will be used to provide the service(s) which are applied for, for the operation of the investments in units or shares (including, for example, for registration and distribution). This is to fulfil the contract you are entering into with the ACD in respect of the Sub-fund. The ACD has legal obligations as a regulated financial services company that must be met. The ACD will also use anonymised personal data to produce statistics which monitor its performance.

39.10.2 The personal data is held by the ACD for a minimum of 7 years after the end of your relationship with the Sub-fund. The end of the relationship is defined as the last transaction that leaves a zero balance in your account(s).

39.10.3 In addition to data obtained directly from the investor, the ACD may also receive data from the financial adviser or other intermediary acting on their behalf, or from services designed to detect, reduce or prevent fraud and money laundering. The ACD will disclose the minimum amount of information to these services in order to comply with legal requirements and therefore process the data under its legal obligations.

39.10.4 This information may be transferred to other organisations in order to provide some services or where required by law. The following third parties are currently engaged, however the list may not be comprehensive.

- Bravura Services. Bravura services provide Margetts with a hosted service to manage and store the register of investors
- External Auditors
- Electronic Anti-Money Laundering or Fraud Services
- Printing Services

39.10.5 For electronic verification checks, the ACD works alongside SmartCredit Ltd trading as SmartSearch which acts as a joint data controller with the ACD to help it comply with fraud and anti-money laundering requirements. Their Privacy Policy has further information on how the data is handled: <http://www.smartsearchuk.com/privacy-policy/>

39.10.6 For more information about the how data is processed, retained and deleted or to read more about the rights under the General Data Protection Regulations (GDPR) the Privacy Notice of the ACD can be found at [Privacy Notice.pdf \(margetts.com\)](#) or contact [dataprotection@margetts.com](mailto:dataprotection@margetts.com).

39.10.7 If an investor or their agent is not happy with the way the ACD has handled personal data and it is unable to resolve the issue, they can complain to the Information Commissioner's Office (<http://www.ico.org.uk>).

## **APPENDIX 1**

### **Investment objectives and policy and other details of the Company**

Investment of the assets of each of the Sub-funds must comply with the FCA Regulations and its own investment objective and policy. Details of each Sub-fund's investment objective and policy are set out overleaf together with other information including available Share Classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. Lists of the eligible securities and derivatives markets in which the Sub-funds may invest are contained in Appendices 3 and 4.

The name of appointed sub-advisers for each Sub-fund (where applicable) is set out in this Appendix 1.

## **MGTS IDAD Refined Growth Fund (PRN951707)**

### **Investment Objective**

The objective of the MGTS IDAD Refined Growth Sub-fund is to provide Capital Growth over any 5-year period.

### **Investment Policy**

The Sub-fund will have a high allocation to structured products. The minimum allocation will be at least 50%, however it is expected that it will normally be more than 80%.

Structured products are a type of debt asset that provides investment returns based on the returns of other assets, for example recognised indices such as the FTSE 100 or S&P 500. The fund refines growth by combining some of the qualities of shares (such as the higher potential for growth), with some of the qualities of debt assets (such as defined payments and maturity dates). There are many types of structured products and descriptions and examples are detailed below under the section 'Investment Strategy'.

The Sub-fund may invest (maximum of 50% of its value) into instruments which are not structured products, for example other transferable securities, such as shares, bonds, near cash instruments, investment trusts, real estate investment trusts (REITs), and collective investment schemes (which may include schemes operated by the ACD, associates or controllers of the ACD). No more than 10% of the value can be invested in collective investment schemes, including exchange traded funds.

The Sub-fund is actively managed, which means that Manager decides which investments to buy or sell and when.

The Sub-fund will be fully invested save for a cash amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the Sub-fund both generally and in relation to its objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Sub-fund, there may be times when the Investment Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

The use of derivatives and/or hedging transactions are permitted in connection with investment purposes and efficient portfolio management (EPM - managing the Sub-fund in a way that is designed to reduce risk or cost and/or generate extra income or growth or both). The scheme may hold assets which embed derivatives that are used for investment purposes and efficient portfolio management.

### **Specific Risks**

Structured products embed derivatives, which can at times increase the risk as well as help to manage it. Any downside protection that is built into structured products is normally dependent on the underlying asset meeting certain conditions, which if not achieved can lead to a capital loss.

Structured products are typically issued and backed by banks and other credit institutions. The payment of principal and the terms of the product are subject to credit risk, which means that



there is risk of default. This risk could have a more significant impact as there is a small number of issuers.

Structured Products have defined maturity dates and are therefore subject to reinvestment risk, which means that reinvesting proceeds may be on worse terms than the maturing product.

The issuers of structured products provide liquidity for their products in normal market conditions, however this is not guaranteed and therefore there is liquidity risk that the products cannot be sold at the expected price.

### **Investment Strategy**

The investment strategy explains how the manager intends to implement the investment policy. Examples are not intended to be exhaustive and the strategy may change to meet prevailing opportunities and challenges without advance notice, within the parameters of the investment objective and policy.

Structured products are issued by investment banks or other financial institutions.

### **Auto-call**

This type of structured product is linked to underlying assets, such as a recognised index, and provides a fixed annual return, plus the initial capital invested, if the reference index is higher than a trigger level (such as the starting point) on any anniversary date before the final maturity date at which point it matures early. A barrier protection level is also set to provide capital protection if the reference index is above this level at the end of the term.

If the reference index is lower than the starting point at the anniversary date and has not matured early then the product continues with the same test undertaken at the next anniversary date. This continues until the final anniversary, at which point the product matures. At this maturity date, if the reference index is higher than the starting level then the product returns the initial capital and the fixed return for each of the five years. If the reference index is below the starting point, but above the barrier protection level, the initial capital is returned in full. If the reference index has fallen below the barrier protection level, for example by 50% or more, the capital is returned less the equivalent percentage reduction in the reference index.

As an example, £1,000 invested into a 5 year auto-call structured product based on the FTSE 100 with an initial level of 6,500, 6% fixed annual return and a 50% level of protection would have the following defined return profile.

#### 1<sup>st</sup> anniversary

- If the FTSE 100 is above 6,500 then the product will mature at this point and return £1,060 as a final maturity payment
- Otherwise the product continues to the next anniversary

#### 2<sup>nd</sup> anniversary

- If the FTSE 100 is above 6,500 then the product will mature at this point and return £1,120 as a final maturity payment
- Otherwise the product continues to the next anniversary

#### 3<sup>rd</sup> anniversary

- If the FTSE 100 is above 6,500 then the product will mature at this point and return £1,180 as a final maturity payment
- Otherwise the product continues to the next anniversary

4<sup>th</sup> anniversary

- If the FTSE 100 is above 6,500 then the product will mature at this point and return £1,240 as a final maturity payment
- Otherwise the product continues to the next anniversary

5<sup>th</sup> anniversary and final maturity date

- If the FTSE 100 is above 6,500 then the product will mature at this point and return £1,300 as a final maturity payment
- If the FTSE 100 is below 6,500 but above 3,250 then the product will mature at this point and return £1,000 as a final maturity payment
- If the FTSE 100 is below 3,250 then the product will mature at this point and return £1,000 less the percentage fall in the index during the period. If, for example the FTSE was at 3,000 on the 5<sup>th</sup> anniversary the return would be £461.54.

The above example demonstrates that the variable return of the FTSE 100 has been refined into three outcomes which are either a fixed return, a full return of capital or a loss equivalent to the fall in the reference index over the investment period.

The manager will select products with different trigger, barrier and maturity dates. The lower the trigger level and/or the barrier level, the lower the fixed payment is likely to be and vice versa.

The return is likely to be advantageous where market total returns, including dividends which are not included in the return profile of the structured product, are below the fixed return and losses do not exceed the protection level at the end of the period.

The return is likely to be disadvantageous where the reference index total return is higher than the fixed return or where the reference index falls below the protection barrier level at the final maturity date.

### **Worst-of Auto Call Example**

In order to increase the return available for a proportionate increase in risk, the Manager will commonly use variations of the above example, including the use of 2 or more indices where the payment profile will be based on the worst performing of these indices, known as a 'worst-of' auto call.

In the above example the payments were dependent on the FTSE 100 alone. In this example the payments are based on both the FTSE 100 (A UK share index) and the S&P 500 (A US Share index).

As an example, £1,000 invested into a 5 year worst of auto-call structured product based on the FTSE 100 with an initial level of 6,500 and the S&P 500 with a starting value of 3,500, 6.5% fixed annual return and a 50% level of protection would have the following defined return profile.

1<sup>st</sup> anniversary

- If the FTSE 100 is above 6,500 and the S&P 500 is above 3500 then the product will mature at this point and return £1,065 as a final maturity payment

- Otherwise the product continues to the next anniversary

2<sup>nd</sup> anniversary

- If the FTSE 100 is above 6,500 and the S&P 500 is above 3500 then the product will mature at this point and return £1,130 as a final maturity payment
- Otherwise the product continues to the next anniversary

3<sup>rd</sup> anniversary

- If the FTSE 100 is above 6,500 and the S&P 500 is above 3500 then the product will mature at this point and return £1,195 as a final maturity payment
- Otherwise the product continues to the next anniversary

4<sup>th</sup> anniversary

- If the FTSE 100 is above 6,500 and the S&P 500 is above 3500 then the product will mature at this point and return £1,260 as a final maturity payment
- Otherwise the product continues to the next anniversary

5<sup>th</sup> anniversary and final maturity date

- If the FTSE 100 is above 6,500 and the S&P 500 is above 3500 then the product will mature at this point and return £1,325 as a final maturity payment
- If one or both of the FTSE 100 and the S&P 500 is below their starting levels (6,500 and 3,500 respectively) but both are above their barrier protection levels (3250 and 1,750 respectively) then the product will mature at this point and return £1,000 as a final maturity payment
- If one or both of the FTSE 100 and the S&P 500 is below their barrier protection levels (3500 and 1,750 respectively) then the product will mature at this point and return £1,000 less the percentage fall in the worst performing index during the period. If, for example the FTSE was at 3,000 and the S&P 500 was at 1740 on the 5<sup>th</sup> anniversary the return would be £461.54.

### **Super Tracker Example**

A super tracker structured product is based on the performance of another asset such as a recognised index.

The features vary however a common example is a structured product that provides an accelerated return which is capped and capital protection unless a barrier level is breached, in which case the return is an equivalent percentage loss to the reference index.

As an example, £1,000 invested into a FTSE 100 super tracker providing 3 times the growth of the FTSE 100 over a six year period, capped at 60% with a 50% capital protection barrier would return the following amounts at the end of the term. In this example the FTSE 100 index value is 6,500 at commencement.

If the FTSE 100 index level was 9,750 (50% growth) at maturity the amount returned would be £1,600 as the growth of 50% multiplied by three would be 150% exceeding the 60% cap. Therefore, the return would be the maximum capped amount of £1,600

If the FTSE 100 index level was 7,150 (10% growth) at maturity the amount returned would be £1,300 as the return of 10% would be multiplied by three providing a 30% return and does not exceed the 60% cap.

If the FTSE 100 index level was 5,000 at maturity the amount returned would be £1,000 as the capital value is protected from the fall in the index.

If the FTSE 100 index level was 2,600 at maturity the amount returned would be £400 as the index fall has exceeded the barrier level and therefore the capital returned is reduced by the corresponding fall in the underlying index.

As the example demonstrates, the variable return of the FTSE 100 is refined into three outcomes which are either a loss equivalent to the fall in the index, a return of capital or a return equal to three times the growth in the index in the FTSE 100 capped at 60%.

The return is only based on the capital value of the index and does not include dividends over the period. If the dividend yield of the FTSE 100 was 3% per annum, this element of return would be 19.4% over the six-year period.

The return is likely to be advantageous where the FTSE 100 index total return (including dividends) increases by less than 60% over the period or falls by more than the total dividends received provided the fall is within the barrier protection level of 50%.

The return profile is likely to be disadvantageous if the total return of the FTSE 100 exceeds the 60% cap or if the value falls below the 50% barrier protection level.

### **Reverse Convertible**

A reverse convertible structured product is based on the performance of another assets such as a recognised index.

The structured product provides the same downside risk as the underlying asset but with a fixed upside return.

As an example, £1,000 invested into a one-year FTSE 100 reverse convertible structured product at an initial index level of 6,500 with a fixed return of 8% would have the following maturity values at the end of the term.

If the FTSE 100 index level was 7,500 the return would be £1,080 which is the fixed return over the period.

If the FTSE 100 index level was 6,500 the return would be £1,080 which is the fixed return over the period.

If the FTSE 100 index level was 6,175 the return would be £1,030 which is the fixed return less the 5% drop in the capital value of the index.

If the FTSE 100 index level was 5,200 the return would be £880 which is the fixed return, less the 20% drop in the capital value of the index.

As the example demonstrates, the variable return of the FTSE 100 is refined into two outcome, either a fixed return if the reference index is higher than the starting value or the fixed return less the fall in the index if the index is lower than the starting value at maturity.

The return is only based on the capital value of the index and does not include dividends over the period.

The return is likely to be advantageous where the FTSE 100 index total return (including dividends) increases by less than the fixed return or if the index falls in value.

The return is likely to be disadvantageous where the FTSE 100 index total return (including dividends) increases by more than the fixed return.

## Performance Comparison

There are three types of benchmarks which can be used:

1. A target - an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation
2. A constraint - an index or similar factor that fund managers use to limit or constrain how they construct a fund's portfolio
3. A comparator - an index or similar factor against which a fund manager invites investors to compare a fund's performance

The Sub-fund is not constrained by any index, IA sector or similar factor.

The IA (Investment Association) Flexible Investment Sector can be used by investors as a comparator. This is considered appropriate for investors to use when comparing performance as the sector is made up of funds which have diverse objectives and asset allocations as defined by the IA. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

## Summary details of the Sub-fund

<b>Classes of shares available</b>	A Accumulation Class R Accumulation Class
<b>Currency of denomination</b>	Sterling
<b>Registration charge per shareholder (subject to annual inflationary increases capped at 3% per annum)</b>	£17.91 per annum
<b>Minimum initial investment</b>	A Class - £50,000 R Class - £50,000
<b>Minimum investment for regular investors (subject to minimum holding)</b>	A Class - £100 R Class - £100
<b>Minimum subsequent investment</b>	A Class - £1,000 R Class - £1,000
<b>Minimum withdrawal</b>	A Class - £1,000 R Class - £1,000
<b>Minimum holding</b>	A Class - £50,000 R Class - £50,000
<b>ACD's preliminary charge</b>	A Class – 0.0% R Class – 5.0%
<b>Switching / Conversion fee</b>	0%
<b>Annual Management Charge</b>	A Class – 0.6% R Class – 1.5%
<b>Annual accounting date</b>	31 December
<b>Interim accounting date</b>	30 June

<b>Annual income allocation date</b>	Last day of February
<b>Interim income allocation date</b>	31 August
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes
<b>Valuation Point</b>	12 noon
<b>Cut-Off Time</b>	10.30 am

### **Date of launch**

23 August 2021.

### **Initial Offer Period**

The initial offer of shares in the Sub-fund commences at 12.01 on 23 August 2021 and shall continue until close of dealing (10.30am) on 6 September 2021, or earlier if the value of the underlying investments moves by more than + or – 2% at any time. Initial subscriptions may be invested during the initial offer period, at the absolute discretion of the ACD. Shares will be sold in sterling only. The price per share in the initial offer period will be £1.

### **Profile of a typical investor**

The Sub-fund is suitable for investors seeking to invest for at least the recommended holding period and who wish to gain access to an investment managed in accordance with the specific investment objective and policy detailed above. The Sub-fund's suitability for investors will depend on the investor's own requirements and attitude to risk but should align to the volatility of the Sub-fund and the investor should accept that income and capital values will fluctuate and may fall as well as rise. Investors should be aware of and understand the risks associated with the Sub-fund before investing. The risks associated with the Sub-fund are detailed under "Risk Factors". If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.

### **Target Market for MiFID II:**

**Type of clients:** advised retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

**Clients' knowledge and experience:** investors who have read the literature relating to the Sub-fund and who have, as a minimum, a basic knowledge of funds which are to be managed in accordance with a specific investment objective and policy.

**Clients' financial situation with a focus on ability to bear losses:** Investors must be prepared to accept fluctuations in the value of capital including capital loss.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** due to the volatility of markets and specific risks of investing in shares in a Sub-fund (including those set out in the risk warnings in this Prospectus), investors should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns in terms of Capital Growth and income.

**Clients' objectives and needs:** investors should be seeking to invest for the long term and who wish to gain access to a portfolio that is managed in accordance with the specific investment objective and policy of the Sub-fund.

**Recommended holding period:** investors should have an investment time horizon of at least 5 years. The recommended holding period does not provide any guarantee that the objective will be achieved and investors should be aware that capital and the income distributed are at risk.

**Distribution channel:** This product is deemed as eligible for the following distribution channels:

Investment advice  
Portfolio management  
Advised retail sales

A non-RDR compliant share class is also available which will be distributed off-shore only, via platforms and to institutional investors on an advised basis.

**Clients' who should not invest:** shares in the Sub-fund are deemed incompatible for investors who:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital);
- are fully risk averse/have no risk tolerance; or
- need a fully guaranteed income of fully predictable return profile
- are a retail client that has not received advice
- a UK-based investor that is investing in the off-shore shareclass

## **MGTS IDAD Future Wealth Fund (PRN951708)**

### **Investment Objective**

The objective of the MGTS IDAD Future Wealth Sub-fund is to provide Capital Growth over any 7 year period.

### **Investment Policy**

The Sub-fund will be actively managed through investments which focus on sectors that are expected to deliver strong Capital Growth in the future, including those that incorporate innovative technologies, changing demographics and changing economic developments. The Investment Manager will use their expertise to select investments, rather than tracking a stock exchange or index.

Investors should be familiar with the focused portfolio risk factor as the Sub-fund may be composed of assets within a concentrated number of sectors (explained in the Investment Strategy section), which could lead to high levels of price fluctuations. Along with sector-specific factors such as competition from new entrants, short product cycles and fluctuating company profits & prices due to the competitive nature of its participants. The Sub-funds narrower concentration on a specific industry may lead to higher volatility in comparison to funds with higher diversification and the market as a whole.

A minimum of 70% of the portfolio will be invested in collective investment schemes (which may include schemes operated by the ACD, associates or controllers of the Investment Manager), in any economic sector and any geographic area, across a wide range of assets. This includes shares, bonds, cash and near cash instruments.

The Sub-fund may also invest (maximum of 30%) in shares, bonds, cash, near cash instruments, investment trusts, and structured products which may embed derivatives.

Normally, the Sub-fund will be fully invested save for a cash amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the Sub-fund both generally and in relation to its strategic objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Sub-fund, there may be times when the Investment Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

The use of derivatives and/or hedging transactions are permitted in connection with investment purposes and efficient portfolio management (EPM - managing the Sub-fund in a way that is designed to reduce risk or cost and/or generate extra income or growth or both). The scheme may hold assets which embed derivatives that are used for investment purposes and efficient portfolio management.

### **Investment Strategy**

The Sub-fund will focus on sectors to meet the objective and policy, with the current focus on the following sectors or technologies, however this may change without prior notification and does not provide an exhaustive list:

- Artificial Intelligence, Big Data & Cloud Computing
- Robotics & Automation
- E Commerce & Web Entertainment



- Healthcare Innovation
- Cyber Security

## Performance Comparison

There are three types of benchmarks which can be used:

1. A target - an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation
2. A constraint - an index or similar factor that fund managers use to limit or constrain how they construct a fund's portfolio
3. A comparator - an index or similar factor against which a fund manager invites investors to compare a fund's performance

The Sub-fund does not have a performance target and is not constrained by any index, IA sector or similar factor.

The IA (Investment Association) Flexible Investment Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the sector is made up of funds which have diverse objectives and asset allocations as defined by the IA. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

## Summary details of the Sub-fund

<b>Classes of shares available</b>	A Accumulation Class R Accumulation Class
<b>Currency of denomination</b>	Sterling
<b>Registration charge per shareholder (subject to annual inflationary increases capped at 3% per annum)</b>	£17.91 per annum
<b>Minimum initial investment</b>	A Class - £1,000 R Class - £1,000
<b>Minimum initial and subsequent investment for regular investors</b>	A Class - £100 R Class - £100
<b>Minimum subsequent investment</b>	A Class - £1,000 R Class - £1,000
<b>Minimum withdrawal</b>	A Class - £1,000 R Class - £1,000
<b>Minimum holding</b>	A Class - £1,000 R Class - £1,000
<b>ACD's preliminary charge</b>	A Class – 0.0% R Class – 5.0%
<b>Switching / Conversion fee</b>	0%
<b>Annual Management Charge</b>	A Class – 0.6% R Class – 1.5%
<b>Annual accounting date</b>	31 December
<b>Interim accounting date</b>	30 June

<b>Annual income allocation date</b>	Last day of February
<b>Interim income allocation date</b>	31 August
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes
<b>Valuation Point</b>	12 noon
<b>Cut-Off Time</b>	10.30 am

### **Date of launch**

23 August 2021

### **Initial Offer Period**

The initial offer of shares in the Sub-fund commences at 12.01 on 23 August 2021 and shall continue until close of dealing (10.30am) on 6 September 2021, or earlier if the value of the underlying investments moves by more than + or – 2% at any time. Initial subscriptions may be invested during the initial offer period, at the absolute discretion of the ACD. Shares will be sold in sterling only. The price per share in the initial offer period will be £1.

### **Profile of a typical investor**

The Sub-fund is suitable for investors seeking to invest for at least the recommended holding period and who wish to gain access to an investment managed in accordance with the specific investment objective and policy detailed above. The Sub-fund's suitability for investors will depend on the investor's own requirements and attitude to risk but should align to the volatility of the Sub-fund and the investor should accept that income and capital values will fluctuate and may fall as well as rise over a 5 year rolling term. Investors should be aware of and understand the risks associated with the Sub-fund before investing. The risks associated with the Sub-fund are detailed under "Risk Factors". If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.

### **Target Market for MiFID II:**

**Type of clients:** retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

**Clients' knowledge and experience:** investors who have read the literature relating to the Sub-fund and who have, as a minimum, a basic knowledge of funds which are to be managed in accordance with a specific investment objective and policy.

**Clients' financial situation with a focus on ability to bear losses:** Investors must be prepared to accept fluctuations in the value of capital including capital loss.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** due to the volatility of markets and specific risks of investing in shares in a Sub-fund (including those set out in the risk warnings in this Prospectus), investors should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns in terms of Capital Growth and income.

**Clients' objectives and needs:** investors should be seeking to invest for the long term and who wish to gain access to a portfolio that is managed in accordance with the specific investment objective and policy of the Sub-fund.

**Recommended Holding Period:** investors should have an investment time horizon of at least 7 years. The recommended holding period does not provide any guarantee that the objective will be achieved and investors should be aware that capital and the income distributed are at risk.

**Distribution channel:** This product is deemed as eligible for the following distribution channels:

Investment advice  
Portfolio management  
Advised retail sales

A non-RDR compliant share class is also available which will be distributed off-shore only, via platforms and to institutional investors on an advised basis.

**Clients' who should not invest:** shares in the Sub-fund are deemed incompatible for investors who:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital);
- are fully risk averse/have no risk tolerance; or
- need a fully guaranteed income of fully predictable return profile
- are a retail client that has not received advice
- a UK-based investor that is investing in the off-shore shareclass

## **APPENDIX 2**

### **1 Investment and borrowing powers of the Company**

These restrictions apply to the Company.

#### **1.1 Investment restrictions**

- 1.1.1 The property of each Sub-fund of the Company will be invested with the aim of achieving the investment objective of the Sub-fund but subject to the limits on investment set out in the FCA Regulations and the Sub-fund's investment policy. These limits apply to each Sub-fund as summarised below:
- 1.1.2 Generally the Company will invest in the investments to which it is dedicated including units in collective investment schemes and deposits.
- 1.1.3 Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Regulations and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and derivatives markets for the Company are set out in Appendices 3 and 4.
- 1.1.4 New eligible securities markets may be added to the existing list only by the passing of a resolution of shareholders at a shareholders' meeting. If not, then the ACD and the Depositary will need to assess whether such an addition would be a significant event requiring shareholders to be notified of the change 60 days in advance, and for the Prospectus to reflect the intended change and the date of commencement, or if the addition is of minimal significance to the investment policy of the Company such that Shareholders will just be notified of the change, whether by immediate notification or in the next report for the Company.

#### **1.2 Transferable securities**

- 1.2.1 Each Sub-fund of the Company may invest in transferable securities which are admitted to or normally dealt on Eligible Markets. Up to 10% in value of the scheme property of a Sub-fund can be invested in transferable securities which are not approved securities. Save as set out below and 1.8.1 up to 5% of the scheme property of a Sub-fund may be invested in transferable securities issued by any single body. However, up to 10% in value of the scheme property or a Sub-fund may be invested in transferable securities issued by any single body if the value of all such holdings combined does not exceed 40% of the value of the property of a Sub-fund.
- 1.2.2 A transferable security includes an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.
- 1.2.3 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.

- 1.2.4 In applying paragraph 1.2.3 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 1.2.5 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.

### **1.3 Collective Investment Schemes**

- 1.3.1 Except where the investment objective or investment policy of any Sub-fund is inconsistent with this, up to 100% in value of the scheme property of a Sub-fund may be invested in units in other schemes although not more than 20% in value of the scheme property of a Sub-fund is to consist of the units of any one collective investment scheme. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD, subject to the rules contained in COLL 5.2.15. Investment may only be made in other collective investment schemes whose maximum annual management charge does not exceed 3%.
- 1.3.2 The investee schemes must comply with 1.3.3 and 1.3.4 (although no more than 30% in value of the scheme property of the Sub-fund may be invested in units in collective investment schemes which do not comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive (i.e. 1.3.3.2 to 1.3.3.4)).
- 1.3.3 Any schemes in which the Sub-fund invests need to:
- 1.3.3.1 comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive; or
  - 1.3.3.2 be recognised under the provision of section 272 of the Financial Services and Market Act 2000; or
  - 1.3.3.3 be authorised as a non-UCITS retail scheme; or
  - 1.3.3.4 be authorised in another EEA state.

Provided that for 1.3.3.3 and 1.3.3.4 the requirements of article 50(1)(e) of the UCITS Directive are also met.

- 1.3.4 Investee schemes must also comply with the rules relating to investment in other group schemes contained in the FCA Regulations and themselves be schemes which have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.
- 1.3.5 A Sub-fund may invest in units of collective investment schemes and pay any related charges or expenses for investing in such units unless the schemes are managed, operated or administered by the ACD (or one of its associates) in which case, the Sub-fund will pay no additional management or administrative charges to the ACD or its associate (as the case may be).

## **1.4 Warrants and nil and partly paid securities**

- 1.4.1 Up to 100% in value of the scheme property of a Sub-fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the COLL Sourcebook.
- 1.4.2 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing or potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the COLL Sourcebook.
- 1.4.3 **A Sub-fund may invest in investments such as warrants. The value of warrants can be highly volatile and, therefore, the value of Shares in a Sub-fund can go down as well as up. A Shareholder may not be able to recover the total amount invested in the Shares.**

## **1.5 Money market instruments**

- 1.5.1 Up to 100% of a Sub-fund may be invested in money market instruments which are normally dealt with on the money market, are liquid and whose value can be accurately determined at any time provided.
- 1.5.2 A Sub-fund may hold money market instruments which are listed or normally dealt on an eligible money market, are liquid and whose value can be accurately determined at any time provided the instrument is:
  - 1.5.2.1 issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or European Investment Bank, a non-EEA State or in the case of a Federal State, by one of the members making up the Federation, or by a public international body to which one or more EEA States belong; or
  - 1.5.2.2 issued by a body any securities of which are dealt on an eligible market; or
  - 1.5.2.3 issued or guaranteed by an establishment subject to prudential supervision comparable to Community Law and whose prudential rules are considered by the FCA to be at least as stringent as Community Law.

## **1.6 Deposits**

- 1.6.1 Up to 20% in value of the scheme property of a Sub-fund can consist of deposits with a single body. A Sub-fund may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

## **1.7 Derivatives and forward transactions**

- 1.7.1 Derivatives may be used by each of the Sub-Funds for the purposes of efficient portfolio management (including hedging). A Sub-Fund may use derivatives for investment purposes only where this has been set out in the Investment Objective and Policy of the Sub-Fund in Appendix 1.

In broad terms, the FCA Regulations permit the following techniques:

1.7.2 Except as set out in 1.7.5 below there is no upper limit on the use of transactions in derivatives or forward transaction for a Sub-fund but they must fall under 1.7.3 and 1.7.4.

1.7.3 A transaction in a derivative or forward transaction must:

- (1)
  - (a) if an OTC, be in an approved derivative; or
  - (b) be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.
- (2) have the underlying consisting of any or all of the following to which the Sub-fund is dedicated:
  - (a) transferable securities;
  - (b) permitted money market instruments;
  - (c) permitted deposits;
  - (d) permitted derivatives;
  - (e) permitted collective investment scheme units;
  - (f) financial indices;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- (3) be effected on or under the rules of an eligible derivatives market, it must not cause a Sub-fund to diverge from its investment objectives, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty.

Use of derivatives must be supported by a risk management process maintained by the ACD which should take account of the investment objectives and policy of the Sub-fund.

1.7.4 The ACD must ensure that there is suitable cover in place from within the Scheme Property and that to the extent the Sub-fund is exposed to risk of loss of property it is no greater than the property of the Sub-fund.

1.7.5 The exposure to any single counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a Sub-fund. This limit is raised to 10% where the counterparty is an approved bank.

1.7.6 In applying the limits in 1.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it provided the collateral meets each of the following conditions:

- 1.7.6.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- 1.7.6.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- 1.7.6.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- 1.7.6.4 can be fully enforced by the relevant Sub-fund at any time.
- 1.7.7 Not more than 20% of a Sub-fund is to be put at risk in respect of an exposure from an OTC derivative transaction to a single entity or one or more such entities within a group, after taking into account any collateral received from that entity or group, both at individual level or group level.
- 1.7.8 In applying the limits in 1.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 1.7.8.1 comply with the conditions set out in Section 3 (Contractual netting Contracts for novation and other netting agreements) of Annex III to the Banking Consolidation Directive; and
  - 1.7.8.2 are based on legally binding agreements.
  - 1.7.8.3 All derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
    - 1.7.8.4 it is backed by an appropriate performance guarantee; and
    - 1.7.8.5 it is characterized by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 1.7.9 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:
  - 1.7.9.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
  - 1.7.9.2 the property and rights at 1.7.9.1 are owned by the Sub-fund at the time of the agreement.
- 1.7.10 Paragraphs 1.7.9.1 and 1.7.9.2 do not apply to a deposit. They also do not apply where:
  - 1.7.10.1 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
  - 1.7.10.2 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:
    - (i) cash;



(ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

(iii) other highly liquid assets which are recognised considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts, where relevant).

1.7.11 In the asset classes referred to in (1.7.10.2), assets may be considered as liquid where the instruments can be converted into cash in no more than seven Dealing Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## **1.8 Government and public securities**

1.8.1 Normally, no more than 35% of the Net Asset Value of the Scheme Property of each Sub-fund may be invested in transferable securities or approved money-market instruments issued by any single issuer being:

- a) an EEA state;
- b) a local authority of an EEA state;
- c) a non-EEA state; or
- d) a public international body to which one or more EEA states belong.

1.8.2 For the purposes of this section 1.8, issue, issued and issuer include guarantee, guaranteed and guarantor and an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms.

1.8.3 More than 35% (and up to 100%) of the Net Asset Value of the Scheme Property of a Sub-fund can be invested in such securities issued by any one body provided that:

- a) the ACD has, before any such investment is made, consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Sub-fund;
- b) no more than 30% of the Net Asset Value of the Scheme Property of that Sub-fund consists of such securities of any one issue;
- c) the Scheme Property of that Sub-fund includes such securities issued by that or another issuer of at least six different issues; and
- d) certain details have been disclosed in the Instrument of Incorporation and Prospectus.

1.8.4 The Sub-funds may invest over 35% of the value of the scheme property in such securities issued or guaranteed by or on behalf of the United States, Canada, Hong Kong, Japan, Australia, New Zealand, Singapore, Switzerland, the UK and the EEA, including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Lichtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden.

## **1.9 Combinations of Investments**

1.9.1 In applying the limits in 1.2.1, 1.6 and 1.7.5 not more than 20% in value of the scheme property is to consist of any combination of two or more of the following: (a) transferable securities (including covered bonds) or approved money-market instruments issued by or (b) deposits made with; or (c) exposures from OTC derivatives transactions made with; a single body.

## **1.10 Concentration**

1.10.1 The Sub-fund must not hold more than:

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

1.10.2 The Sub-fund may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Sub-fund does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.

## **1.11 General**

1.11.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Regulations, be entered into for the account of the Company.

1.11.2 Cash or near cash must not be retained in the scheme property except in order to enable the pursuit of the Sub-fund's investment objective; or for redemption of shares in that Sub-fund; or efficient management of the Sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objectives of the Company.

## **2 Stock Lending and Repo Transactions**

2.1 The Sub-fund, or the Depositary at the request of the Sub-fund, may enter into certain repo or stock lending transactions in respect of any Sub-fund as an extension of EPM explained above. 'Repo' in this context means both repurchase and reverse repurchase transactions.

2.2 There is no limit on the amount of the Scheme Property of a Sub-fund which may be used for stock lending and repo transactions but the transactions must satisfy three broadly-based requirements:-

2.2.1 They may not include speculative transactions. Stock lending or repo transactions must be economically appropriate in that they are realised in a cost effective way.

- 2.2.2 The purpose of such transactions for any Sub-fund must be to achieve one of the following in respect of a Sub-fund:-
- a) Reduction of risk
  - b) Reduction of cost
  - c) The generation of additional capital or income for the Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules in COLL.
- 2.2.3 The relevant purpose must relate to Scheme Property of the Sub-fund; property (whether precisely identified or not) which is to be or proposed to be acquired for the Sub-fund; and anticipated cash receipts in respect of the Sub-fund, if due to be received at some time and likely to be received within one month.
- 2.3 Each such transaction must be covered globally, that is, a Sub-fund's exposure must not exceed the Net Asset Value of its Scheme Property, taking into account the value of the underlying assets, future market movements, counterparty risk and the time available to liquidate any position. The global exposure must be calculated on at least a daily basis. Briefly, stock lending and repo transactions are those where one party ('Party A') delivers securities to the other ('Party B') in return for which it is agreed that securities of the same kind and amount should be redelivered to Party A at a later date. Party B provides Party A with collateral to cover against the risk of the future redelivery not being completed.
- 2.4 There is no limit on the value of the Scheme Property which may be the subject of stock lending or repo transactions. If repo and/or stock lending transactions are entered into, counterparty risk exposures will be aggregated across (i) repo and/or stock lending transactions (as appropriate) and (ii) Derivative EPM transactions (referred to above). Any potential conflict of interests relating to a stock lending or repo transaction shall be dealt with in accordance with section 9 of this Prospectus headed 'Conflicts of Interest'. Direct and indirect operational costs and fees incurred in performing these transactions may be deducted from any associated revenue delivered to the Sub-fund. All such revenue, net of direct and indirect operational costs, will be returned to the Sub-fund. Such costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The ACD does not receive additional costs or fees for performing stock lending or repo transactions. The entities to which such costs and fees are paid (and whether such entities are related to the ACD or depositary) will be disclosed in the annual report of the Company. Stock lending or repo transactions may in some cases result in reduced performance but may nonetheless be entered into where the ACD believes it to be in the best interests of the Sub-fund, for example in order to manage risk. The Cash Collateral Policy set out below shall apply to any cash collateral received in respect of a repo or stock lending transaction. Such transactions must always comply with the requirements of the Taxation and Chargeable Gains Act 1992 and with the requirements of COLL.
- 2.5 The Sub-fund shall ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered;
- 2.6 The Sub-fund is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis, unless the agreement is entered into for a fixed term not exceeding seven days

- 2.7 The Sub-fund is able at any time to recall any securities subject to the repurchase agreement or to terminate the reverse repurchase agreement which it has entered, unless the agreement is entered into for a fixed term not exceeding seven days;

### **3 Borrowing powers**

- 3.1 The Company may, subject to the FCA Regulations, borrow money from an eligible institution or an approved bank for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property.

- 3.1.1 Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

- 3.1.2 The ACD must ensure that borrowing does not, on any Dealing Day, exceed 10% of the value of the scheme property of a Sub-fund.

- 3.2 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.

### **4 Collateral Management Policy**

- 4.1 The Collateral Management Policy is subject to the risk management policy and is subject to change and regular review. The risk management policy will define "eligible" collateral including any applicable haircuts. Collateral will generally be of high quality and liquid e.g. cash and government securities. It will also include any additional restrictions deemed appropriate by the ACD.

- 4.2 All collateral used to reduce counterparty risk will comply with the following criteria:

- 4.2.1 It must be highly liquid and traded on a regulated market;

a) It must be valued at least daily;

b) It must be of high quality;

c) It will not be highly correlated with the performance of the counterparty;

- 4.2.2 It will be sufficiently diversified in terms of country, markets and issuers (in accordance with ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN) as updated by ESMA/2014/294 (together the "ESMA Guidelines"). However, Sub-funds may be substantially or fully collateralised in securities issued or guaranteed by one or more governments at the ACD's discretion;

- 4.2.3 It will be held by the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of collateral; and

- 4.2.4 It will be capable of being fully enforced by the ACD at any time without reference or approval from the counterparty.

- 4.3 Permitted collateral includes (where applicable):

a) Cash

- b) Government or other public securities; and
  - c) Bonds or commercial paper issued by acceptable entities, in accordance with the Sub-fund's ISDA/Credit Support Annex documentation.
- 4.3.1 A significant proportion, or all, of collateral received in respect of a stock lending or repo transaction may be issued or guaranteed by a single government or other public body.
- 4.3.2 Non – cash collateral will not be sold, re-invested or pledged.
- 4.4 Cash collateral will only be:
- a) placed on deposit with entities that meet the requirements of Article 50(f) of the UCITS Directive, or
  - b) invested in high-quality government bonds, or
  - c) used for the purpose of reverse repo transactions with credit institutions that are subject to prudential supervision (and on terms that permit the ACD to recall at any time the full amount of cash on an accrued basis), or
  - d) invested in short-term money market funds (as defined in the Guidelines on a Common Definition of European Money Market Funds issued by the Committee of European Securities Regulators in May 2010).
- 4.4.1 Cash collateral, where reinvested, will be diversified in accordance with the requirements of the ESMA Guidelines.
- 4.4.2 The exposure to a counterparty will, at all times, meet the requirements of Article 52 of the UCITS Directive. Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on quality of the assets received and their price volatility.
- 4.4.3 Where the Sub-fund reinvests cash collateral in one or more of the permitted types of investment above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

## APPENDIX 3

### Eligible Securities Markets

All Sub-funds may deal through securities markets established in EEA Member States on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 10% in value of any Sub-fund may be invested in transferable securities which are not approved securities.

Each Sub-fund may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 4.

1. UK and Ireland                      Alternative Investment Market
2. Australia                              The Australian Securities Exchange
3. Bermuda                                The Bermuda Stock Exchange
4. Brazil                                    BM&F BOVESPA
5. Canada                                  The Toronto Stock Exchange, Bourse de Montreal
6. Channel Islands                        The International Stock Exchange
7. Chile                                    The Santiago Stock Exchange
8. China /Hong Kong                      The Hong Kong Stock Exchange, The Shanghai Stock Exchange,  
The Shenzhen Stock Exchange , The Shanghai – Hong Kong  
Stock Connect
9. Columbia                                The Columbia Stock Exchange
10. Egypt                                    The Egyptian Exchange
11. Estonia                                 The NASDAQ Tallinn Exchange
12. Ghana                                  The Ghana Stock Exchange
13. India                                    The National Stock Exchange of India, The Bombay Stock  
Exchange
14. Indonesia                                The Indonesia Stock Exchange
15. Israel                                    The Tel Aviv Stock Exchange
16. Japan                                    The Tokyo Stock Exchange
17. Kenya                                 The Nairobi Securities Exchange
18. Korea                                    The Korea Exchange
19. Malaysia                                The Kuala Lumpur Stock Exchange

20. Mexico	The Mexican Stock Exchange
21. Morocco	The Casablanca Stock Exchange
22. Namibia	The Namibian Stock Exchange
23. New Zealand	The New Zealand Exchange
24. Nigeria	The Nigerian Stock Exchange
25. Norway	The Oslo Stock Exchange
26. Pakistan	The Pakistan Stock Exchange
27. Peru	Lima Stock Exchange
28. Philippines	The Philippine Stock Exchange
29. Qatar	The Qatar Stock Exchange
30. Russia	The Moscow Exchange
31. Saudi Arabia	Tadawul
32. South Africa	Johannesburg Stock Exchange
33. Singapore	The Singapore Stock Exchange
34. Sri Lanka	The Colombo Stock Exchange
35. Switzerland	SIX Swiss Exchange
36. Taiwan	The Taiwan Stock Exchange
37. Thailand	The Stock Exchange of Thailand
38. Turkey	The Borsa Istanbul
39. United Arab Emirates	Abu Dhabi Securities Exchange, NASDAQ Dubai, Dubai Financial Market
40. United States	NYSE American, NYSE Euronext, NASDAQ OMX PHLX, NASDAQ
41. Uruguay	The Montevideo Stock Exchange
42. Vietnam	Hanoi Stock Exchange, Ho Chi Minh City Stock Exchange

## **APPENDIX 4**

### **Eligible Derivatives Markets**

- 1 NYSE American
- 2 Euronext
- 3 Eurex
- 4 Intercontinental Exchange
- 5 ICE Futures Europe
- 6 New York Futures Exchange
- 7 New York Mercantile Exchange
- 8 New York Stock Exchange
- 9 One Chicago
- 10 Tokyo Stock Exchange
- 11 Tokyo Financial Exchange
- 12 The Montreal Exchange
- 13 Toronto Stock Exchange
- 14 The Hong Kong Stock Exchange
- 15 The Singapore Stock Exchange



## **APPENDIX 5**

### **Directory**

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

MGTS IDAD Fund  
1 Sovereign Court  
Graham Street  
Birmingham  
B1 3JR

#### **Authorised Corporate Director**

Margetts Fund Management Limited  
1 Sovereign Court  
Graham Street  
Birmingham  
B1 3JR

#### **Investment Manager**

IDAD Limited  
The Engine House  
77 Station Road  
Petersfield  
Hampshire  
GU32 3FQ

#### **Administrator and Registrar**

Margetts Fund Management Limited  
1 Sovereign Court  
Graham Street  
Birmingham  
B1 3JR

#### **Depository**

The Bank of New York Mellon (International) Limited  
One Canada Square  
London  
E14 5AL

#### **Auditor**

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

## **APPENDIX 6**

### **DILUTION**

Please note: With effect from launch the Company had a dilution adjustment approach using a swinging NAV. Please see section 15.1 which explains the approach to dilution adjustments.

The Sub-funds do not yet have a twelve-month calendar year track record so no data is available.

## **APPENDIX 7**

### **Past Performance**

The Sub-funds do not yet have a twelve-month calendar year track record so no data is available.

## **APPENDIX 8**

### **List of Directors**

Directors of Margetts Fund Management Limited:

Executive:

T.J Ricketts

M.D Jealous

Non-Executive:

A.J.M Quay

J.M Vessey

N. Volpe

## APPENDIX 9

**The following third-party delegates have been appointed by the Global Sub-Custodian in the referenced markets as sub-custodians of the assets of the Company:**

<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>Argentina</b>	Citibank N.A., Argentina	Buenos Aires
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	Parramatta, NSW
<b>Austria</b>	UniCredit Bank Austria AG	Vienna
<b>Bahrain</b>	HSBC Bank Middle East Limited	Bahrain
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited	Dhaka
<b>Belgium</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Belgium</b>	Citibank Europe Plc, UK branch	London
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Hamilton
<b>Botswana</b>	Stanbic Bank Botswana Limited	Gaborone
<b>Brazil</b>	Citibank N.A., Brazil	Sao Paulo
<b>Brazil</b>	Itau Unibanco S.A.	Sao Paulo
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	Sofia
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
<b>Cayman Islands</b>	The Bank of New York Mellon	New York
<b>Channel Islands</b>	The Bank of New York Mellon	New York
<b>Chile</b>	Banco de Chile	Santiago
<b>Chile</b>	Itau Corpbanca S.A.	Santiago
<b>China</b>	HSBC Bank (China) Company Limited	Shanghai
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota

<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>Costa Rica</b>	Banco Nacional de Costa Rica	San José
<b>Croatia</b>	Privredna banka Zagreb d.d.	Zagreb
<b>Cyprus</b>	BNP Paribas Securities Services	Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Prague
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	Cairo
<b>Estonia</b>	SEB Pank AS	Tallinn
<b>Eswatini</b>	Standard Bank Eswatini Limited	Mbabane
<b>Euromarket</b>	Clearstream Banking S.A	Luxembourg
<b>Euromarket</b>	Euroclear Bank	Brussels
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
<b>France</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Germany</b>	The Bank of New York Mellon SA/NV	Frankfurt am Main
<b>Ghana</b>	Stanbic Bank Ghana Limited	Accra
<b>Greece</b>	BNP Paribas Securities Services	Athens
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	Kowloon, Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Budapest
<b>Iceland</b>	Landsbankinn hf.	Reykjavik
<b>India</b>	Deutsche Bank AG	Mumbai
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	Mumbai

<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>Indonesia</b>	Deutsche Bank AG	Jakarta
<b>Ireland</b>	The Bank of New York Mellon	New York
<b>Israel</b>	Bank Hapoalim B.M.	Tel Aviv
<b>Italy</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Japan</b>	Mizuho Bank, Ltd.	Tokyo
<b>Japan</b>	MUFG Bank, Ltd.	Tokyo
<b>Jordan</b>	Standard Chartered Bank, Jordan Branch	Jordan
<b>Kazakhstan</b>	Citibank Kazakhstan Joint-Stock Company	Almaty
<b>Kenya</b>	Stanbic Bank Kenya Limited	Nairobi
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Safat
<b>Latvia</b>	AS SEB banka	Kekavas novads
<b>Lithuania</b>	AB SEB bankas	Vilnius
<b>Luxembourg</b>	Euroclear Bank	Brussels
<b>Malawi</b>	Standard Bank PLC	Lilongwe
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad	Kuala Lumpur
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt am Main, Germany
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Ebene
<b>Mexico</b>	Banco S3 México S.A.	Ciudad de México
<b>Mexico</b>	Citibanamex	Colonia Santa Fe
<b>Morocco</b>	Citibank Maghreb S.A.	Casablanca
<b>Namibia</b>	Standard Bank Namibia Limited	Kleine Kuppe

<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Brussels, Belgium
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	Auckland
<b>Nigeria</b>	Stanic IBTC Bank Plc.	Lagos
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
<b>Oman</b>	HSBC Bank Oman S.A.O.G.	Sultanate of Oman
<b>Pakistan</b>	Deutsche Bank AG	Karachi
<b>Peru</b>	Citibank del Peru S.A.	Lima
<b>Philippines</b>	Deutsche Bank AG	Taguig City 1634
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	Warszawa
<b>Portugal</b>	Citibank Europe Plc	Dublin
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha	Doha
<b>Romania</b>	Citibank Europe plc Dublin, Romania Branch	Bucharest
<b>Russia</b>	PJSC ROSBANK	Moscow
<b>Saudi Arabia</b>	HSBC Saudi Arabia	Riyadh
<b>Serbia</b>	UniCredit Bank Serbia JSC	Belgrade
<b>Singapore</b>	DBS Bank Ltd	Singapore
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky	Bratislava
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.	Ljubljana
<b>South Africa</b>	Standard Chartered Bank	Johannesburg
<b>South Africa</b>	The Standard Bank of South Africa Limited	Johannesburg



<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	Seoul
<b>South Korea</b>	Deutsche Bank AG	Seoul
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
<b>Spain</b>	Caceis Bank Spain, S.A.U.	Madrid
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	Colombo
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	Zurich
<b>Switzerland</b>	UBS Switzerland AG	Zurich
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	Taipei City
<b>Tanzania</b>	Stanbic Bank Tanzania Limited	Dar es Salaam
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
<b>Tunisia</b>	Union Internationale de Banques	Tunis
<b>Turkey</b>	Deutsche Bank A.S.	Istanbul
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai	Dubai
<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	London
<b>U.K.</b>	The Bank of New York Mellon	New York
<b>U.S.A.</b>	The Bank of New York Mellon	New York
<b>U.S.A. Precious Metals</b>	HSBC Bank, USA, N.A	New York
<b>Uganda</b>	Stanbic Bank Uganda Limited	Kampala
<b>Ukraine</b>	JSC "Citibank"	Kiev

<b>Country/Market</b>	<b>Sub - Custodian</b>	<b>Location</b>
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Montevideo
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
<b>WAEMU</b>	Société Générale Côte d'Ivoire	Abidjan 01, Ivory Coast
<b>Zambia</b>	Stanbic Bank Zambia Limited	Lusaka
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	Harare