

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

**MGTS SEVEN RIVERS FUND**

**(an open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC208510)**

**PROSPECTUS**

**Prepared in accordance with the Collective Investment Schemes Sourcebook  
Dated and valid as at 11 March 2024**

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**PROSPECTUS  
OF  
MGTS SEVEN RIVERS FUND**

This document constitutes the Prospectus for the MGTS Seven Rivers 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 11 March 2024.

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 Depositary.

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 The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

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

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”	paying Shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules or accounted for by the Company;
“ACD”	Margetts Fund Management Limited, the Authorised Corporate Director of the Company;
“Act”	Financial Services and Markets Act 2000;
“AIF”	an ‘Alternative Investment Fund’; a collective investment scheme which is authorised by the Financial Conduct Authority and therefore meets the standards set by the Financial Conduct Authority to enable the scheme to be marketed to the public within the UK and which complies with the Alternative Investment Fund Managers Directive, as implemented or given direct effect in the UK;
“AIFM”	Margetts Fund Management Limited, the alternative investment fund manager of the Company;
“AIFMD”	Alternative Investment Fund Managers Directive, as implemented or given direct effect in the UK;
“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;
“Asset Allocation”	the process of dividing the money invested across different geographical regions and asset types, such as shares, bonds and other assets listed;
“Bond”	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;
“Company”	MGTS Seven Rivers 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;
“EEA”	means the European Economic Area;
“Eligible Markets”	means eligible markets as defined in the FCA Regulations and as set out in Appendices 3 and 4;

“EPM”	means efficient portfolio management as defined in the COLL Rules and in accordance with article 11 of the UCITS eligible assets Directive, as implemented or given direct effect in the UK. 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;
“EU”	means the European Union;
“EU Withdrawal Act”	means the European Union (Withdrawal) Act 2018 as amended, supplemented or replaced from time to time;
“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 as ‘COLL Rules’;
“FUND”	the Investment Funds Sourcebook made by the FCA, pursuant to the Financial Services and Markets Act 2000, as amended from time to time;
“Global Sub-Custodian”	The Bank of New York Mellon SA/NV, and The Bank of New York Mellon;
“Income”	as defined in UK tax law and distributed to investors as a dividend. The Sub-funds receive income from underlying investments such as interest on a bond or a dividend from shares;
“Income Share”	paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules or accounted for by the Company;
“Investment Committee”	the investment committee which may consist of individuals representing the ACD, financial intermediaries and delegated Investment Manager(s) which shall act as a consultative body only with no power to bind or influence the decision-making of the ACD (or other contracted suppliers);
“Investment Manager(s)”	the Investment Manager(s) to the ACD;
"MiFID II"	Markets in Financial Instruments Directive (2014/65/EU), as implemented or given direct effect in the UK, and Markets in Financial Instruments Regulations (600/2014/EC), as modified and introduced into the law of the UK by the Markets in Financial Instruments (Amendment) (EU Exit)

	Regulations 2018, as modified by the subsequent legislation, and as re-enacted, applied, amended or superseded from time to time;
“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;
“Near Cash Instrument”	Securities such as money market funds or short-term bond funds which, in the Managers’ view, provide a comparable risk profile to cash;
“non-UCITS retail scheme”	a scheme which is not 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, as implemented and given direct effect into UK law) but is available to retail investors;
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001;
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
“Regulated Collective Investment Schemes”	UCITs, NURs and equivalent regulated by the FCA;
“Scheme Property”	the property of the Company to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
“Share”	an equal portion representing part ownership of a company. This can also apply to a fund;
“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;
“Sustainable Investment”	definition of a sustainable investment is a traditional asset, such as shares or bonds of a company, that promotes environmental, social or governance (ESG) qualities;
“UK GDPR”	has the meaning defined in sections 3(10) and 205(4) of the Data Protection Act 2018 as modified, amended and re-enacted from time to time. UK GDPR is the UK version of Regulation (EU) 2016/679 of the EU on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;



“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 08.30am. London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

As a result of the UK’s withdrawal from the European Union on 31 January 2020, and in relation to any time after the end of the transition period on 31 December 2020, unless specified otherwise, references in this Prospectus to any EU law and or to any EEA or EU institution shall, in relation to anything done or to be done in or subject to the laws of the UK or any part thereof, be construed as references to the equivalent UK legislation.

## **1 The Company**

- 1.1 MGTS Seven Rivers Fund is an open-ended investment company with variable capital, incorporated in England and Wales on 20 February 2024 under registered number IC208510 and authorised by the FCA with effect from 20 February 2024 under Product Reference Number (PRN) 1010350. The Sub-funds PRNs are MGTS Seven Rivers Diversified Alternatives Fund – 1010351, MGTS Seven Rivers Fixed Income Fund – 1010352, and MGTS Seven Rivers Equity Fund – 1010353.
- 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 "non-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 or Share Class. Each Sub-fund of the Company would belong to the type of "non-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.

## **2 Company Structure**

- 2.1 As explained above the Company is a "non-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.
- 2.2 The Company does not intend to have an interest in immovable or tangible movable property.
- 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 "non-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 and eligibility for different Share Classes is at the ACD's discretion. 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 issues Income Shares and Accumulation Shares. Income Shares are entitled to receive distributions of income periodically. Such distributions will be made by electronic bank transfer unless the ACD and Shareholder(s) agree otherwise. 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 14 and 15.3.

### **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 with company number 04158249.
- 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 The ACD complies with the requirements of providing cover for professional liability risks set out in article 12 of the AIFMD level II regulation by maintaining an amount of own funds as required by article 14 of the AIFMD level II regulation.
- 4.1.5 As at the date of this Prospectus, the ACD acts as such for the following additional open-ended investment companies:

MGTS Aequitas Fund  
MGTS AFH DA Fund  
MGTS AFH Multi-Asset Fund  
MGTS AFH Tactical Core Fund  
MGTS Clarion Portfolio Fund  
MGTS Future Money ICVC  
MGTS Iboss Fund

MGTS IDAD Fund  
MGTS Progeny Fund  
MGTS Progeny Profolio Global Fund  
MGTS Progeny Profolio Model Fund  
MGTS Qualis Fund  
MGTS Sentinel Fund  
MGTS SIIION Investment Fund  
MGTS St. Johns Property ICVC  
MGTS Tempus Fund  
MGTS Theia Fund  
MGTS Wealth Solutions ICVC  
The Blenheim Fund  
The Prima Fund

and as manager for the following authorised unit trusts:-

Margetts International Fund  
Margetts Opes Growth Fund  
Margetts Opes Income Fund  
Margetts Providence Fund  
Margetts Select Fund  
Margetts Venture Fund  
MGTS St. Johns Property Authorised Trust

## **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 30 and 31.
- 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.
- 5.2 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.
- 5.3 The registered office of the Depositary is at 160 Queen Victoria Street, London, EC4V 4LA.
- 5.4 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.

### **5.5 Terms of Appointment**

- 5.5.1 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”) dated 23 February 2024.
- 5.5.2 Details of the Depositary’s remuneration are set out in Section 33. 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.
- 5.5.3 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.
- 5.5.4 To the extent permitted by the FCA Regulations, the Company and the ACD will indemnify:
- (i) the Depositary (or its employees, officers and directors – herein after “associates”) against costs, charges, losses and liabilities incurred by it (or its associates) resulting directly from the Depositary (and/or its associates) acting as agent of the Company in accordance with instructions given under the Depositary Agreement, except in the case of negligence, intentional failure, material breach of the Depositary Agreement, failure to comply with AIFMD, failure to comply with applicable laws or unless such indemnity is contrary to AIFMD; and
  - (ii) the Depositary and its delegates (which shall mean third parties to which delegation of functions and tasks have been made by the Depositary under the terms of the Depositary Agreement) and their agents for all taxes, charges, expenses, assessments, claims or liabilities in connection with 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 as set out in the Depositary Agreement, except in the case of a negligent action, failure to exercise reasonable care and diligence in the discharge of its functions, willful misconduct or unless liability is imposed by law.

## **5.6 Duties of the Depositary**

- 5.6.1 The Depositary is responsible for monitoring cash flows and for the safekeeping of all the Scheme Property (other than tangible moveable property) of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the FCA Regulations.

## **5.7 Delegation and Safekeeping Functions**

- 5.7.1 The Depositary acts as global custodian and may delegate safekeeping to one or more global sub-custodians (such delegation may include the powers of sub-delegation). The Depositary has delegated safekeeping of the assets of the Company to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon (the “Global Sub-Custodians”).

The Global Sub-Custodians may sub-delegate safekeeping of assets in certain markets in which the Company may invest to various sub-delegates. A list of Sub-Custodians can be found on the website: [2023.09.29 Sub Custodian List.pdf \(mgtsfunds.com\)](#). 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.

## **6 The Investment Manager**

- 6.1 The ACD has appointed Smith & Pinching Financial Services Ltd 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 The Investment Manager’s registered office is 295 Aylsham Road, Norwich, Norfolk, NR3 2RY. The principal activity of the Investment Manager is acting as an investment adviser.
- 6.2.7 The fees, if applicable, 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 Sponsor**

- 7.1 The sponsor of the Company is Smith & Pinching Financial Services Ltd whose address is 295 Aylsham Road, Norwich, Norfolk, NR3 2RY.
- 7.2 The ACD works with the sponsor regarding the manufacture, design, structure, distribution and marketing of the Sub-funds.
- 7.3 The sponsor can instruct the ACD to retire in favour of an alternative ACD subject to regulatory requirements and contractual conditions being met including minimum term and notice periods.

## **8 The Auditor**

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

## **9 Administrator and Register of Shareholders**

- 9.1 The ACD carries out the role of administrator and registrar for the Company.
- 9.2 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.

## **10 Conflicts of Interest**

- 10.1 The ACD and the Depositary 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.
- 10.2 For the purposes of this section, the following definitions shall apply:
  - 10.2.1 "BNY Mellon Affiliate" means any entity in which The Bank of New York Mellon Corporation (a Delaware corporation with registered office at 240 Greenwich St, New York, New York 10286, U.S.A) controls (directly or indirectly) an interest of no less than 30% in the voting stock or interests in such entity.
  - 10.2.2 "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.
  - 10.2.3 "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, as implemented or given direct effect in the UK, or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002, as it forms part of the law of the UK by virtue of the EU Withdrawal Act 2018, as amended, modified and reinstated from time to time, and any succeeding UK law or regulation which becomes enforceable by law from time to time.

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

10.3.1 A Group Link where the ACD has delegated certain administrative functions to The Bank of New York Mellon (International) Limited or BNY Mellon Affiliate.

10.3.2 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 investors.

10.3.3 If a Link exists between the Depositary and any investors in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising from such Link.

#### **10.4 Delegation**

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

10.4.2 A Group Link exists where the Depositary has delegated the safekeeping of the Scheme Property to BNY Mellon Affiliate.

10.4.3 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 investors.

10.4.4 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.

#### **10.5 Depositary Conflicts of interest**

10.5.1 The Depositary or any BNY Mellon Affiliates may have an interest, relationship or arrangement that is in conflict with or otherwise material in relation to the services it provides to the ACD and the Company. Conflicts of interest may also arise between the Depositary's different clients.

10.5.2 As a global financial services provider, one of the Depositary's fundamental obligations is to manage conflicts of interest fairly and transparently. As a regulated business, the Depositary is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients.

10.5.3 The Depositary is required to and does maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

10.5.4 The Depositary maintains an EMEA Conflicts of Interest Policy (the "Conflicts Policy"). The Conflicts Policy (in conjunction with associated policies):

- (a) identifies the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;



- (b) specifies the procedures or measures which should be followed or adopted by the Depositary in order to prevent or manage and report those conflicts of interest;
- (c) sets out effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- (d) includes procedures to ensure the separate supervision of persons whose principal functions involve carrying out activities with or for clients and whose interests may conflict, or who otherwise represent different interests that may conflict, including with the interests of the Depositary;
- (e) includes procedures to remove any direct link between the remuneration of individuals principally engaged in one activity and the remuneration of, or revenues generated by, different individuals principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (f) specifies measures to prevent or limit any person from exercising inappropriate influence over the way in which an individual carries out investment or ancillary services or activities; and
- (g) sets out measures to prevent or control the simultaneous or sequential involvement of an individual in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

10.5.5 The Conflicts Policy clarifies that disclosure of conflicts of interest to clients is a measure of last resort to be used by the Depositary to address its regulatory obligations only where the organisational and administrative arrangements established by the Depositary (and any BNY Mellon Affiliates where applicable) to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of clients will be prevented.

10.5.6 The Depositary must assess and periodically review the Conflicts Policy at least once per annum and take all appropriate measures to address any deficiencies.

10.6 The Depositary shall make available to its competent authorities, on request, all information which it has obtained while performing its services and which may be required by the competent authorities of the Company.

## **11 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.

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

11.1.1 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 (receipt 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.

- 11.1.2 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 ACDs 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.

## **12 Buying Shares**

### **12.1 Procedure**

- 12.1.1 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.
- 12.1.2 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.
- 12.1.3 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.

### **12.2 Documentation**

- 12.2.1 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.
- 12.2.2 Settlement is due four working days after the transaction date.
- 12.2.3 Title to the shares will pass to the Shareholder on the settlement date or when payment for them has irrevocably been received by the ACD.
- 12.2.4 The ACD may cancel the Shares issued corresponding to any subscription not paid for in full in accordance with these provisions, and the investor submitting the subscription will be liable to the relevant Sub-fund for any loss, costs or expenses incurred directly or indirectly in relation to such cancellation. Late settlement will include a charge for interest and other bank charges.

12.2.5 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.

### **12.3 In Specie Issue**

12.3.1 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.

### **12.4 Minimum subscriptions and holdings**

12.4.1 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.

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

## **13 Selling Shares**

### **13.1 Procedure**

13.1.1 Every shareholder has the right to require that the Company redeem their 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 their entire holding.

13.1.2 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.

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

13.2.1 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. Settlement in satisfaction of the redemption monies will be issued within four Dealing Days or the later of:

- a) 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
- b) The Valuation Point following receipt by the ACD of the request to redeem.

13.2.2 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.

### **13.3 Minimum redemption**

13.3.1 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.

### **13.4 In Specie Redemption**

13.4.1 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.

13.4.2 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.

13.4.3 The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

### **13.5 Direct Issue or Cancellation of Shares by the Company through the ACD**

13.5.1 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.

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

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

## **14 Switching and Conversions**

### **14.1 Switching**

14.1.1 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.

- 14.1.2 Switching may be effected either by telephone on 0345 607 6808 or in writing to the ACD (at the address referred to in Section 13.1.2) 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.
- 14.1.3 The ACD may at its discretion charge a fee on the switching of Shares between Classes. These fees are set out in Section 30.1.1.19.
- 14.1.4 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 19 below). The general provisions on selling Shares shall apply equally to a switch.
- 14.1.5 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.
- 14.1.6 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.
- 14.1.7 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.

## **14.2 Conversions**

- 14.2.1 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.
- 14.2.2 Conversions may be effected either by telephone on 0345 607 6808 or in writing to the ACD (at the address referred to in Section 13.1.2) 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.
- 14.2.3 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).

- 14.2.4 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.
- 14.2.5 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.
- 14.2.6 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.
- 14.2.7 The ACD may, at its discretion, charge a fee on the Conversion of Shares between Share Classes as described further below. These fees are set out in Section 30.1.1.19.
- 14.2.8 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.
- 14.2.9 Conversions will not generally be subject to income equalisation as referred to in Section 38 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).
- 14.2.10 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.
- 14.2.11 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.

## **15 Dealing Charges**

### **15.1 Preliminary Charge**

15.1.1 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.

### **15.2 Redemption Charge**

15.2.1 The ACD may make a charge on the redemption of Shares. At present no redemption charge is levied.

15.2.2 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.

15.2.3 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.

### **15.3 Switching Fee**

15.3.1 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 Section 30.1.1.19. The switching fee is payable to the ACD.

## **16 Other Dealing Information**

### **16.1 Dilution Adjustment**

16.1.1 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 22. 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.

16.1.2 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.

16.1.3 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:

- 16.1.3.1 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);
- 16.1.3.2 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.
- 16.1.4 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).
- 16.1.5 The amount of any dilution adjustment is not retained by the ACD but is paid into the Sub-fund.
- 16.1.6 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.
- 16.1.7 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.
- 16.1.8 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.

## **16.2 The ACD Dealing as Principal**

- 16.2.1 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.
- 16.2.2 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.

## **17 Money Laundering**

- 17.1 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.

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

18.1 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.

18.1.1 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 their 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 they or the beneficial owner is qualified and entitled to own the affected Shares, they 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.

- 18.1.2 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 the UK and EEA States as affected Shares and may refuse to issue Shares to anyone resident outside of one of the jurisdictions.
- 18.1.3 A shareholder who becomes aware that they are holding or own affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected Shares.
- 18.1.4 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.

## **18.2 Deferred Redemption**

- 18.2.1 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.

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

- 19.1 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.
- 19.2 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.
- 19.3 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.

- 19.4 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.
- 19.5 Re-calculation of the shareprice for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

## **20 Governing Law**

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

## **21 Valuation of the Company**

- 21.1 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 08.30 am on each Dealing Day.
- 21.2 The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

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

- 22.1 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.
- 22.2 All the Scheme Property (including receivables) of the Company (or the Sub-fund) is to be included, subject to the following provisions.
- 22.3 Scheme Property which is not cash (or other assets dealt with in Section 22.4) or a contingent liability transaction shall be valued as follows:
- 22.3.1 units or shares in a collective investment scheme:
- 22.3.1.1 if a single price for buying and selling units/shares is quoted, at the most recent such price; or
- 22.3.1.2 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
- 22.3.1.3 if no price or no recent price exists, at a price which in the opinion of the ACD is fair and reasonable;
- 22.3.2 any other transferable security:
- 22.3.2.1 if a single price for buying and selling the security is quoted, at that price; or

- 22.3.2.2 if separate buying and selling prices are quoted, the average of those two prices; or
- 22.3.2.3 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;
- 22.3.3 property other than that described in 21.3.1 and 21.3.2 above:
  - 22.3.3.1 at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 22.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 22.5 Property which is a contingent liability transaction shall be treated as follows:
  - 22.5.1 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.
  - 22.5.2 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;
  - 22.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - 22.5.4 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).
- 22.6 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.
- 22.7 Subject to paragraphs 22.8 and 22.9 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.
- 22.8 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 22.7.
- 22.9 All agreements are to be included under paragraph 22.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 22.10 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.
- 22.11 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.
- 22.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.

- 22.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 22.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 22.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 22.16 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.
- 22.17 Where the ACD has reasonable grounds to believe that:
- 22.17.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a valuation point; or
- 22.17.2 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;
- 22.17.3 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:
- 22.17.4 no recent trade in the security concerned; or
- 22.17.5 suspension of dealings in an underlying collective investment scheme;
- 22.17.6 the occurrence of significant movements in the markets in which the underlying collective investment schemes are invested since the last valuation point; or
- 22.17.7 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 22.17.8 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.

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

- 23.1 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 16 above.

## **24 Pricing basis**

- 24.1 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.

## **25 Publication of Prices**

- 25.1 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>.

## **26 Risk factors**

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:

### **26.1 General**

- 26.1.1 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 they 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 the base currency denomination of each Share Class, of investments that are not denominated in the base currency of the Share Class, 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 their 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.

### **26.2 Counterparty and Settlement**

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

### **26.3 Custody**

- 26.3.1 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.

## 26.4 **Currency Exchange Rates**

26.4.1 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.

## 26.5 **Inflation and Interest Rates**

26.5.1 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.

## 26.6 **Liquidity**

26.6.1 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.

## 26.7 **Management Risk**

26.7.1 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.

## 26.8 **Market Risk**

26.8.1 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.

26.8.2 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 programmes can go undetected for long periods of time.

## 26.9 **Operational Risk**

26.9.1 The operations of the Sub-fund could be subject to human error, faulty processes or governance, or technological failures. Operational risks may subject the Sub-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.

## **26.10 Regulatory and Government Policy**

26.10.1 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.

## **26.11 Single Swinging Price - Impact on Sub-fund Value and Performance**

26.11.1 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.

## **26.12 Suspension and Termination**

26.12.1 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.

## **26.13 Taxation**

26.13.1 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 37 for further details about taxation of the Sub-fund.

## **26.14 Cancellation Rights**

26.14.1 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.

## **26.15 Shareholder's rights against service providers**

26.15.1 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.

26.15.2 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.

## **26.16 Dilution Provisions Risk**

26.16.1 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.

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

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

## **26.18 Specific Risks**



## **26.19 Emerging Markets**

26.19.1 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.

26.19.2 Investment in emerging markets may involve a higher than average risk.

26.19.3 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.

26.19.4 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.

26.19.5 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.

26.19.6 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.

## **26.20 Derivatives**

26.20.1 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 Manager may enter into certain derivatives transactions, including, without limitation, forward transactions, futures, 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.

26.20.2 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.

26.20.3 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).

26.20.4 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.

26.20.5 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.

26.20.6 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.

26.20.7 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 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.

## 26.21 **Leverage**

26.21.1 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.

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

26.21.3 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 Sub-fund must not exceed 100% of the Sub-fund's net asset value after any applicable netting and hedging has been removed.

26.21.4 The maximum leverage of the Sub-fund is calculated using the "commitment leverage" methodology with confirmation of how to obtain the same contained within the Risk Management section of this prospectus.

## 26.22 Political Risk

26.22.1 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.

26.22.2 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.

## 26.23 Cyber Security

26.23.1 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.

## 26.24 Regular Savings Plan

26.24.1 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.

## 26.25 Investment in Collectives

26.25.1 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.

26.25.2 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.

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

## 26.26 **Fixed Interest Securities**

26.26.1 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. 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.

## 26.27 **Financial Indices**

26.27.1 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.

## 26.28 **Structured Products**

26.28.1 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. 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.

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

## 26.29 Investment In Real Estate Investment Trusts

26.29.1 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.

## 26.30 Focused Portfolios

26.30.1 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 Sub-fund is a focussed portfolio appropriate risk warnings will be included in Appendix 1.

## 26.31 Property

26.31.1 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.

26.31.2 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 Sub-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.

## 26.32 Equity Securities Risk

26.32.1 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.

26.32.2 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. The secondary

market is commonly referred to as the stock market and includes the London Stock Exchange, the New York Stock Exchange and other exchanges around the world.

### **26.33 Hedging Risk**

26.33.1 Hedging may be used in connection with managing a Sub-fund. 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.

26.33.2 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.

26.33.3 Hedging involves costs, which could reduce investment performance.

### **26.34 Illiquid or Restricted Securities Risk**

26.34.1 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.

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

26.35.1 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.

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

27.1 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.

27.2 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.

27.3 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.

## **28 Risk Management**

28.1 Upon request by writing to the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR 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 risk management; and
- c) any recent developments of the risk and yields of the main categories of investment in the Sub-fund.

## **29 Past Performance Data**

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

## **30 Fees and Expenses**

### **30.1 General**

30.1.1 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:

- 30.1.1.1 the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager) and to the Depositary;
- 30.1.1.2 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;
- 30.1.1.3 fees and expenses of the administrator and in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
- 30.1.1.4 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;
- 30.1.1.5 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper;
- 30.1.1.6 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 30.1.1.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 30.1.1.8 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- 30.1.1.9 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;
- 30.1.1.10 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;

- 30.1.1.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 30.1.1.12 taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- 30.1.1.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 30.1.1.14 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;
- 30.1.1.15 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 30.1.1.15 (but not the cost of disseminating the Key Investor Information Document);
- 30.1.1.16 the Depositary's expenses, as detailed in Section 33 below;
- 30.1.1.17 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;
- 30.1.1.18 any payments otherwise due by virtue of the FCA Regulations;
- 30.1.1.19 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 classes:</i>	<i>£1,252.28 per annum</i>
<i>Additional classes:</i>	<i>£748.49</i>
Management Accounts:	£2,817.65 per annum
Postal Deals:	£16.12
Telephone Deals:	£12.68
Switches/Conversions:	£31.30 per switch/conversion
Stock Transfers:	£24.60
Electronic Deals:	£8.74
Distribution Costs:	£575.76 per distribution per Share Class
Registration Charge	£19.57 per shareholder per annum

- 30.1.1.20 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 Sub-fund ratings and benchmark costs;
- 30.1.1.21 any value added or similar tax relating to any charge or expense set out herein.



- 30.1.2 Value Added Tax is payable on these charges where appropriate.
- 30.1.3 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.

## **31 Charges payable to the ACD**

- 31.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of each Sub-fund an annual management charge.
- 31.2 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.
- 31.3 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.
- 31.4 The ACD's annual management charge is taken from income, unless otherwise stated in Appendix 1. 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.
- 31.5 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.
- 31.6 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.

## **32 Investment Manager's fees**

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

## **33 Depositary's Fee**

- 33.1 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.

- 33.2 The current rate is 0.0375% on the first £50 million, 0.0275% on the next £50 million, 0.0175% on the next £50 million and 0.0075% on the balance, plus VAT in each case. Fees are subject to a minimum of £5,000 plus VAT per annum.
- 33.3 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.
- 33.4 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 £4.50 (UK) to £115 (Saudi Arabia) 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 0.006% (UK) and 1% (Saudi Arabia)) 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.
- 33.5 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.
- 33.6 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.
- 33.7 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.
- 33.8 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.
- 33.9 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.
- 33.10 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.
- 33.11 Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds.

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

- 34.1 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.

## **35 Shareholder Meetings and Voting Rights**

- 35.1 The Company does not hold annual general meetings.

### **35.2 Requisitions of Meetings**

- 35.2.1 The ACD may requisition a general meeting at any time.

35.2.2 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.

### **35.3 Notice of Quorum**

35.3.1 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.

### **35.4 Voting Rights**

35.4.1 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.

35.4.2 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.

35.4.3 A shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.

35.4.4 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.

35.4.5 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.

35.4.6 "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.

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

36.1 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.

- 36.2 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.

## **37 Taxation**

### **37.1 Taxation Of The Company**

#### 37.1.1 Income

- 37.1.1.1 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.

#### 37.1.2 Capital gains

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

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

- 37.1.3.1 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.

### **37.2 Taxation Of The Shareholder**

#### 37.2.1 Income

##### 37.2.1.1 Dividend distributions

- 37.2.1.1.1 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.

##### 37.2.1.2 UK resident individual shareholders

- 37.2.1.2.1 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.

##### 37.2.1.3 Corporate shareholders within the scope of corporation tax

- 37.2.1.3.1 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.

37.2.1.3.2 Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the Sub-fund.

37.2.1.4 Non-UK resident shareholders

37.2.1.4.1 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. Where the foreign withholding tax is applied on income received or on the redemption of units, this will generally be an irrecoverable tax expense for such.

37.2.1.5 Equalisation

37.2.1.5.1 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.

37.2.1.6 UK legislation on Taxation of Savings Income

37.2.1.6.1 Any person regarded as a "paying agent" for the purposes of the Taxation of Savings Income Directive (EC Directive 2003/48/EC), as implemented or given direct effect in the UK, 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.

37.2.2 Capital gains

37.2.2.1 UK resident individual shareholders

37.2.2.1.1 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 them on the disposal or deemed disposal (including conversion or

redemption) of their Shares in the Sub-fund. They may also be entitled to set all or part of their gains against their annual capital gains tax execution.

37.2.2.1.2 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.

37.2.2.2 Corporate shareholders within the scope of corporation tax

37.2.2.2.1 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.

37.2.2.3 Non-UK resident shareholders

37.2.2.3.1 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 their Shares in the Sub-fund, except where the holding is connected with a trade, profession or vocation carried on by them in the UK through a branch, agency or permanent establishment or they fall within certain anti-avoidance provisions relating to temporary non-UK residence.

### 37.2.3 Inheritance Tax

37.2.3.1 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.

### 37.2.4 Shareholding in the Sub-fund treated as a loan relationship

37.2.4.1 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.

37.2.4.2 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 their UK tax position in relation to the Sub-fund should consult their UK professional adviser.

## 37.2.5 US Foreign Account Tax Compliance Act 2010 and OECD International Tax Compliance

- 37.2.5.1 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.
- 37.2.5.2 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).
- 37.2.5.3 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.
- 37.2.5.4 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. As a consequence, CRS has been implemented and/or given direct effect into the law of the UK.
- 37.2.5.5 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.

## **38 Income Equalisation**

- 38.1 Income equalisation, as explained below, may apply in relation to certain Sub-funds of the Company, as detailed in Appendix 1.
- 38.2 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.



- 38.3 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.

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

- 39.1 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.
- 39.2 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.
- 39.3 The Company may be wound up or a Sub-fund terminated under the FCA Regulations if:
- 39.3.1 an extraordinary resolution to that effect is passed by shareholders;
  - 39.3.2 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
  - 39.3.3 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;
- 39.4 On the occurrence of any of the above:
- 39.4.1 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;
  - 39.4.2 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;
  - 39.4.3 no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
  - 39.4.4 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;

- 39.4.5 the corporate status and powers of the Company and, subject to the provisions of paragraphs 39.4.1 and 39.4.4 above, the powers of the ACD shall remain until the Company is dissolved;
- 39.4.6 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 39.4.6 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;
- 39.4.7 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;
- 39.4.8 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;
- 39.4.9 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; or
- 39.4.10 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.

## **40 General Information**

### **40.1 Accounting Periods**

- 40.1.1 The annual accounting period of the Company ends each year on 31 March (the accounting reference date). The interim accounting period of the Company ends each year on 30 September.

### **40.2 Income Allocations**

- 40.2.1 Allocations of income are made in respect of the income available for allocation in each accounting period.

- 40.2.2 Distributions of income in respect of Income Shares for each Sub-fund are paid on or before the annual, quarterly and interim income allocation dates in each year. Distribution dates for each Sub-fund are detailed in Appendix 1.
- 40.2.3 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.
- 40.2.4 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.
- 40.2.5 In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by BACS directly into a shareholder's bank account on or before the relevant income allocation date in each year. 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.

### **40.3 Annual Reports**

- 40.3.1 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). A 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.
- 40.3.2 The ACD shall provide the following information to Shareholders on an annual basis in the annual report sent to Shareholders or on a periodic basis if deemed necessary: (i) the percentage of a Sub-fund's assets which are subject to special arrangements arising from their illiquid nature; (ii) any new arrangements for managing the liquidity of the Sub-fund (iii) the current risk profile of the Sub-fund and the risk management systems employed by the Investment Manager to manage those risks; (iv) any changes to the maximum level of leverage that may be employed on behalf of the Sub-fund and any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; (v) the total amount of leverage employed by the Sub-fund and (vi) any arrangement made by the Depositary to discharge itself of contractual liability.

### **40.4 Documents of the Company**

- 40.4.1 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:
- 40.4.1.1 the most recent annual and half-yearly reports of the Company;

- 40.4.1.2 the Instrument of Incorporation and Prospectus (and any amending instrument of incorporation or Prospectus);
- 40.4.1.3 the remuneration policy of the ACD; and
- 40.4.1.4 the ACD Agreement between the Company and the ACD.

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

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

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

40.5.1 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:

- 40.5.1.1 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.
- 40.5.1.2 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.
- 40.5.1.3 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.

#### **40.6 Acting to deliver good outcomes**

40.6.1 The ACD seeks to ensure that it acts to deliver good customer outcomes 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 that it acts to deliver good outcomes and details are available on the ACD's website and upon request.

#### **40.7 Service of Notices**

40.7.1 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.

#### **40.8 Complaints**

40.8.1 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, [How to complain \(financial-ombudsman.org.uk\)](http://www.financial-ombudsman.org.uk).

#### **40.9 Remuneration**

40.9.1 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: [Policies - MGTS Investors \(mgtsfunds.com\)](http://mgtsfunds.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.

#### **40.10 Data Protection**

40.10.1 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.

40.10.2 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).

40.10.3 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.

40.10.4 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

40.10.5 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: <https://www.smartsearchuk.com/privacy-policy/>.

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

40.10.7 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 (if any) for each Sub-fund will be set out in this Appendix 1.

## **MGTS Seven Rivers Diversified Alternatives Fund (PRN: 1010351)**

### **Investment Objective**

The objective of the Sub-fund is to provide capital growth, with the potential for income, over any 3-year period.

### **Investment Policy**

The Sub-fund will have a high level of flexibility to provide exposure to a range of asset classes and investment strategies across any economic sector and geographic area.

The Sub-fund will include exposure to:-

- Bonds (which may include government, corporate, sub-investment grade and inflation linked)
- Shares, including both listed and private equity
- Derivatives
- Alternative assets (such as property, infrastructure and commodities)

The Sub-fund may also provide exposure to cash and cash like securities. This will normally be less than 20% but may be as high as 30% when the Investment Manager considers other assets to be overpriced or that a period of instability exists which presents unusual risks.

To provide the above exposure, a minimum of 70% of the Sub-fund will be invested in active and/or passively managed collective investment schemes (which may include schemes operated by the ACD, associates or controllers of the ACD). The Sub-fund may also invest directly (maximum of 30%) in transferable securities, such as shares, bonds, structured products and investment trusts.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management (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 Sub-fund may hold assets which embed derivatives that are used for investment purposes and efficient portfolio management.

The Sub-fund will be actively managed. This means that the Investment Manager will use their expertise to select investments, rather than tracking a stock exchange or index.

The investment strategy will blend the above exposures by holding a range of investments, which may include investments that have an objective of providing a positive return in any market conditions over a specified time horizon, although this return is not guaranteed, such as:-

- Collective investment schemes that have an investment objective of providing a positive return in any market conditions over a specified time horizon, although this is not guaranteed.
- Structured products, which usually have features that alter the returns from a basket of underlying assets with the objective of delivering returns within a defined range as a result of foregoing higher growth and protecting from falls in value. At times this range may not be achieved in which case the structure may provide a loss that will be similar to investing directly in the underlying asset. Exposure is expected to be less than 10%.

The Sub-fund may provide exposure to property or property related assets, such as infrastructure. Property and infrastructure investments are often less liquid than traditional financial assets. It may at times be challenging to buy or sell these assets quickly, leading to longer holding periods and potential difficulties in accessing invested capital. In these situations, it may delay investors being able to make redemption requests or receiving proceeds from their redemptions.

## 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) Mixed Investment 0-35% Shares Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the Sub-fund is expected to have a similar investment strategy and risk profile to other funds in the sector. 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>	Accumulation Income
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£1m
<b>Minimum investment for regular investors (subject to minimum holding)</b>	£100,000
<b>Minimum subsequent investment</b>	£100,000
<b>Minimum withdrawal</b>	N/A
<b>Minimum holding</b>	£1m
<b>ACD's preliminary charge</b>	0%
<b>ACD's redemption charge</b>	0%
<b>Annual Management Charge</b>	0.10%
<b>Expenses charged to</b>	Income
<b>Annual accounting date</b>	31 March
<b>Interim accounting date</b>	30 September
<b>Annual income allocation date</b>	31 May
<b>Interim income allocation date</b>	30 November
<b>Interest distribution frequency</b>	Bi-annual
<b>Invest in any Securities Market of the UK, of a Member State of the EU or states within the EEA</b>	Yes



<b>on which securities are admitted to Official Listing</b>	
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Valuation Point</b>	8:30am
<b>Cut-Off Time</b>	5:00pm (day prior to the valuation point)

### **Date of launch**

11 March 2024

### **Initial Offer Period**

The initial offer of Shares in the Sub-fund commences at 08:31 on 11 March 2024 and shall continue until close of dealing (5:00pm) on 15 March 2024, 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.

### **Summary profile of a typical investor**

A typical investor needs to be able to understand and accept the objectives, policy, strategy and risks of investing in the Sub-fund, including the “Risk Factors” set out in this document.

Typically, investors will be classed as retail or professional and will have received advice from an independent financial adviser, although other types of investors are permitted.

The objective, policy and strategy set out above should align with the objectives of the investors and their minimum timeframe for investment should meet or exceed the recommended holding period.

**Type of clients:** retail, professional clients and eligible counterparties

**Distribution channels** This product is eligible for all distribution channels including:

- Investment advice
- Portfolio management
- Non-advised sales
- Execution only services

**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 and income and accept the risks of investing in shares. Investors may get back less than they invested as capital and income is at risk.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** The Key Investor Information Document (NURS KII/KIID) provides a risk rating which should be understood before making an investment. Although this risk rating provides a guide, investors should be aware that the rating is subject to change due to prevailing investment conditions.

**Recommended Holding Period:** Investors should not have an investment time horizon of less than the time period set out in the Sub-fund objective.

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.

**You should not invest if you:**

- do not meet the criteria above
- are looking for full capital protection or full repayment of the amount invested
- want a guaranteed return (whether income or capital)
- have no risk tolerance

## **MGTS Seven Rivers Fixed Income Fund (PRN: 1010352)**

### **Investment Objective**

The objective of the Sub-fund is to provide income, with the potential for capital growth, over any 5-year period.

### **Investment Policy**

The Sub-fund will provide at least 80% exposure to fixed income securities, such as bonds and other interest-bearing securities, which may include government, corporate, Emerging Market, sub-investment grade and inflation linked bonds denominated in any currency. Exposure may be to any economic sector or geographical region.

Exposure to cash will vary depending upon prevailing circumstances and would not normally exceed 10% of the total value of the Sub-fund. There may be times when the Investment Manager considers bond markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases exposure to cash or near cash instruments may be increased. Unless market conditions were deemed unusually risky, the increased exposure and period would not be expected to exceed 20% and six months respectively.

A minimum of 70% of the Sub-fund will be invested in active and/or passively managed collective investment schemes (which may include schemes operated by the ACD, associates or controllers of the ACD). The Sub-fund may also invest directly (maximum of 30%) in transferable securities, such as shares, bonds, investment trusts or structured products.

A look through of collective investment schemes and transferable securities will be used when calculating and monitoring adherence to the exposure limits set out above. This process involves considering the underlying exposure to allocate between asset classes.

The use of derivatives and/or hedging transactions are permitted in connection with efficient portfolio management (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 Sub-fund may hold assets which embed derivatives that are used for investment purposes and efficient portfolio management, although this would not materially affect the risk exposure of the Sub-fund.

Non-Sterling exposure will typically be hedged back to Sterling to reduce currency risk, although this is not restricted and therefore the Sub-fund may have non-Sterling exposure.

The Sub-fund will be actively managed. This means that the Investment Manager will use their expertise to select investments, rather than tracking a stock exchange or index.

The Investment Manager will charge the annual management fee to the Sub-fund's capital account. This will increase the distributable income by that amount and reduce the capital by a similar amount. This may constrain capital growth.

## 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) Sterling Strategic Bond Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the Sub-fund has a flexible fixed income strategy that is similar to other funds in the sector. 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>	Accumulation Income
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£1m
<b>Minimum investment for regular investors (subject to minimum holding)</b>	£100,000
<b>Minimum subsequent investment</b>	£100,000
<b>Minimum withdrawal</b>	N/A
<b>Minimum holding</b>	£1m
<b>ACD's preliminary charge</b>	0%
<b>ACD's redemption charge</b>	0%
<b>Annual Management Charge</b>	0.10%
<b>Expenses charged to</b>	Capital
<b>Annual accounting date</b>	31 March
<b>Interim accounting date</b>	30 September
<b>Annual income allocation date</b>	31 May
<b>Quarterly income allocation date</b>	31 August
<b>Interim income allocation date</b>	30 November

<b>Quarterly income allocation date:</b>	28 February
<b>Interest distribution frequency</b>	Quarterly
<b>Invest in any Securities Market of the UK, 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>Valuation Point</b>	8:30am
<b>Cut-Off Time</b>	5:00pm (day prior to the valuation point)

### **Date of launch**

11 March 2024

### **Initial Offer Period**

The initial offer of Shares in the Sub-fund commences at 08:31 on 11 March 2024 and shall continue until close of dealing (5:00pm) on 15 March 2024, 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.

### **Summary profile of a typical investor**

A typical investor needs to be able to understand and accept the objectives, policy, strategy and risks of investing in the Sub-fund, including the “Risk Factors” set out in this document.

Typically, investors will be classed as retail or professional and will have received advice from an independent financial adviser, although other types of investors are permitted.

The objective, policy and strategy set out above should align with the objectives of the investors and their minimum timeframe for investment should meet or exceed the recommended holding period.

**Type of clients:** retail, professional clients and eligible counterparties

**Distribution channels** This product is eligible for all distribution channels including:

- Investment advice
- Portfolio management
- Non-advised sales
- Execution only services

**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 and income and accept the risks of investing in shares. Investors may get back less than they invested as capital and income is at risk.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** The Key Investor Information Document (NURS KII/KIID) provides a risk rating which should be understood before making an investment. Although this risk rating provides a guide, investors should be aware that the rating is subject to change due to prevailing investment conditions.

**Recommended Holding Period:** Investors should not have an investment time horizon of less than the time period set out in the Sub-fund objective.

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.

**You should not invest if you:**

- do not meet the criteria above
- are looking for full capital protection or full repayment of the amount invested
- want a guaranteed return (whether income or capital)
- have no risk tolerance

## **MGTS Seven Rivers Equity Fund (PRN: 1010353)**

### **Investment Objective**

The objective of the Sub-fund is to provide capital growth, with the potential for income, over any 7-year period.

### **Investment Policy**

The Sub-fund will provide at least 70% exposure to shares across any economic sector and geographic area.

The Sub-fund is expected to be fully invested, which means that although exposure to cash will vary depending upon prevailing circumstances it would not normally 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, a higher level of liquidity or exposure to other assets may be maintained and, if considered prudent, the exposure to bonds, alternatives, cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased exposure and period would not be expected to exceed 30% and six months respectively.

To provide the above exposures, a minimum of 70% of the Sub-fund will be invested in active and/or passively managed collective investment schemes (which may include schemes operated by the ACD, associates or controllers of the ACD). The Sub-fund may also invest directly (maximum of 30%) in transferable securities, such as shares, bonds, investment trusts or structured products.

A look through of collective investment schemes and transferable securities will be used when calculating and monitoring adherence to the exposure limits set out above. This process involves considering the underlying exposure to allocate between asset classes.

The use of derivatives and/or hedging transactions are permitted in connection with efficient portfolio management (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 Sub-fund may hold assets which embed derivatives that are used for investment purposes and efficient portfolio management, although this would not materially affect the risk exposure of the Sub-fund.

The Sub-fund will be actively managed. This means that the Investment Manager will use their expertise to select investments, rather than tracking a stock exchange or index.

### **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) Global Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the asset allocation and risk profile of the Sub-fund is expected to be similar to other funds in the sector. 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>	Accumulation Income
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£1m
<b>Minimum investment for regular investors (subject to minimum holding)</b>	£100,000
<b>Minimum subsequent investment</b>	£100,000
<b>Minimum withdrawal</b>	N/A
<b>Minimum holding</b>	£1m
<b>ACD's preliminary charge</b>	0%
<b>ACD's redemption charge</b>	0%
<b>Annual Management Charge</b>	0.10%
<b>Expenses charged to</b>	Income
<b>Annual accounting date</b>	31 March
<b>Interim accounting date</b>	30 September
<b>Annual income allocation date</b>	30 June
<b>Quarterly income allocation date</b>	30 September
<b>Interim income allocation date</b>	31 December
<b>Quarterly income allocation date</b>	31 March
<b>Interest distribution frequency</b>	Quarterly
<b>Invest in any Securities Market of the UK, 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>Valuation Point</b>	8:30am
<b>Cut-Off Time</b>	5:00pm (day prior to the valuation point)



**Date of launch**

11 March 2024

**Initial Offer Period**

The initial offer of Shares in the Sub-fund commences at 08:31 on 11 March 2024 and shall continue until close of dealing (5:00pm) on 15 March 2024, 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.

**Summary profile of a typical investor**

A typical investor needs to be able to understand and accept the objectives, policy, strategy and risks of investing in the Sub-fund, including the “Risk Factors” set out in this document.

Typically, investors will be classed as retail or professional and will have received advice from an independent financial adviser, although other types of investors are permitted.

The objective, policy and strategy set out above should align with the objectives of the investors and their minimum timeframe for investment should meet or exceed the recommended holding period.

**Type of clients:** retail, professional clients and eligible counterparties

**Distribution channels** This product is eligible for all distribution channels including:

- Investment advice
- Portfolio management
- Non-advised sales
- Execution only services

**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 and income and accept the risks of investing in shares. Investors may get back less than they invested as capital and income is at risk.

**Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market:** The Key Investor Information Document (NURS KII/KIID) provides a risk rating which should be understood before making an investment. Although this risk rating provides a guide, investors should be aware that the rating is subject to change due to prevailing investment conditions.

**Recommended Holding Period:** Investors should not have an investment time horizon of less than the time period set out in the Sub-fund objective.

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.

**You should not invest if you:**

- do not meet the criteria above
- are looking for full capital protection or full repayment of the amount invested
- want a guaranteed return (whether income or capital)
- have no risk tolerance

## APPENDIX 2

### Investment and borrowing powers of the Company

These restrictions apply to the Company.

The Investment Manager may exercise in respect of each Sub-fund the full authority and powers permitted by the FCA Rules for an open-ended investment company with variable capital belonging to the non-UCITS retail scheme type (as defined in the FCA Rules) subject to its stated investment objective and policy and the restrictions stated in this Prospectus. Below is a summary of the key investment and borrowing powers applicable to a non-UCITS retail scheme but full details can be found in the FCA Rules.

### Collective Investment Schemes

Up to 100% of the value of the scheme property of each Sub-fund may be invested in units or shares in other collective investment schemes (a “**second scheme**”) provided the second scheme meets each of the following requirements:

- (a) the second scheme is:
  - (i) a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA;
  - (ii) authorised as a non-UCITS retail scheme;
  - (iii) a recognised scheme (within the meaning of the FCA Rules);
  - (iv) constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
  - (v) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in value of the property of the Sub-fund (including any transferable securities which are not approved securities) is invested;
- (b) the second scheme operates on the principle of the prudent spread of risk;
- (c) the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes;
- (d) the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the scheme property to which the units relate and determined in accordance with the scheme; and
- (e) where the second scheme is an umbrella, the provision in (b) to (d) and COLL 5.6.7R (Spread: general) apply to each Sub-fund as if it were a separate scheme.

The collective investment schemes in which each Sub-fund may invest may include schemes which are managed or operated by (or in the case of an open-ended investment company, have as its authorised corporate director) the ACD or an Associate of the ACD. Up to 100% of the property of each Sub-fund may be invested in such schemes.

No Sub-fund may invest in or dispose of units or shares in a second scheme which is managed or operated by (or in the case of an open-ended investment company, whose ACD is) the ACD or an Associate of the ACD where there is a charge in respect of such investment or disposal, unless the ACD pays the following amounts into the property of each Sub-fund before the close of business on the fourth Business Day next after the agreement to invest or dispose:

- on investment, either:
  - any amount by which the consideration paid by each Sub-fund for units or shares in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units or shares been newly issued or sold by it; or
  - if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme; and
- on disposal:
  - the amount of any charge made for the account of the authorised fund manager or operator or ACD of the second scheme or an Associate of any of them in respect of the disposal.

Any addition to or deduction from the consideration paid on the acquisition or disposal of units or shares in the second scheme which is, or is like, a dilution adjustment made in accordance with the FCA Rules is to be treated as part of the price of the units or shares and not part of any charge.

Not more than 35% of the property of each Sub-fund may consist of units of any one scheme.

No Sub-fund may invest in Shares in another Sub-fund of the Company

### **Feeder Schemes**

Each Sub-fund may invest in units in a feeder UK UCITS, a feeder non-UCITS retail scheme, a scheme dedicated to units in a single property authorised investment fund or a scheme dedicated to units in recognised scheme (each a “**Feeder Scheme**”), if the master fund of the Feeder Scheme complies with the relevant provisions in the FCA Rules on the ability for UK UCITS and non-UCITS retail schemes, as applicable, to invest in collective investment schemes, as if it were the “second scheme”.

Not more than 35% of the property of each Sub-fund may consist of units of one or more Feeder Schemes.

Each Sub-fund may not invest directly in units of the master fund of any Feeder Scheme it is invested in.

### **Spread – general**

Up to 10% in value of the property of each Sub-fund may consist of transferable securities or approved money-market instruments issued by any one issuer. This limit does not apply to certain government and public securities.

Not more than 20% in value of the property of each Sub-fund is to consist of deposits with a single body.

### **Transferable securities and approved money-market instruments**

A Sub-fund may invest in transferable securities and approved money-market instruments provided they meet the qualifying criteria in the FCA Rules and they are:

- admitted to or dealt in on a regulated market within the meaning of the FCA Rules; or
- dealt in/on a market established in the UK or an EEA State which is regulated, operates regularly and is open to the public; or

- admitted to or dealt in on a market which the ACD and the Depositary determine to be appropriate, the market is included in the list of eligible markets in Appendix 3 and the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the ACD in deciding whether that market is eligible; or
- for an approved money-market instrument not admitted to or dealt in on an eligible market where the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed in accordance with the FCA Rules; or
- recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and the admission is secured within a year of issue.

Subject to the investment policy of each Sub-fund, there is no limit on the value of the property of each Sub-fund which may consist of transferable securities and approved money-market instruments referred to above. Each Sub-fund may invest up to 20% of the value of its property in transferable securities and approved money-market instruments (provided these are liquid and have a value which can be determined at any time) other than those referred to above (when aggregated with investments in unregulated collective investment schemes as set out above).

Subject to the FCA Rules, not more than 10% in value of the property of each Sub-fund is to consist of transferable securities (excluding government and public securities) or money-market instruments (including certificates representing certain securities) issued by any single body. This limit is raised to 25% in value of the property of each Sub-fund in respect of covered bonds.

### **Spread - government and public securities**

In respect of government and public securities issued by the following, no more than 35% in value of the property of each Sub-fund will be invested in securities issued by any one body:

- a) the UK or an EEA State;
- b) a local authority of the UK or an EEA State;
- c) a non-EEA State; or
- d) a public international body to which the UK or one or more EEA States belong.

More than 35% of the value of the scheme property of each Sub-fund may be invested in transferable securities or approved money market instruments issued by or on behalf of or guaranteed by the government of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, the UK or the United States.

### **Underwriting**

Subject to the provisions of the FCA Rules, including as to covering the exposure, each Sub-fund's powers to invest in transferable securities may be used for the purpose of entering into underwriting, sub-underwriting and placing agreements in respect of certain transferable securities.

## **Warrants**

Warrants or other instruments entitling the holder to subscribe for shares, debentures or government and public securities and any other transferable securities (not being nil or partly paid securities) which are akin thereto fall within any of each Sub-fund's powers of investment only if, on the assumption that the right conferred by the warrant will be exercised (whether or not it is intended that it will be), it is reasonably foreseeable that the right to subscribe could be exercised without contravening the FCA Rules.

## **Nil or partly paid securities**

Transferable securities or approved money market instruments on which any sum is unpaid fall within any of each Sub-fund's powers of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by each Sub-fund, at the time when payment is required, without contravening the FCA Rules.

## **Cash and near cash**

The Investment Manager may at its discretion and as considered appropriate retain liquid funds in each Sub-fund at any time. This cash will be held in pursuit of each Sub-fund's objectives or to facilitate the redemption of Shares, efficient management of each Sub-fund in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of each Sub-fund.

Cash forming part of the property of each Sub-fund or standing to the credit of the distribution account may be placed in any current, deposit or loan account with the Depositary, the ACD or any Associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to each Sub-fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

## **Immovable and movable property**

No Sub-fund will have any interest in any immovable property or movable property, save for an indirect interest through investment in collective investment schemes, transferable securities or permitted derivatives.

## **Gold**

Each Sub-fund is limited to a maximum holding of 10% in gold.

## **Borrowing**

Subject to the FCA Rules, each Sub-fund may borrow to meet redemption and settlement mismatches, although it is not expected that significant use will be made of borrowing. Such borrowing may only be made from an eligible institution or approved bank. Borrowing must not, on any Business Day, exceed 10% of the value of the property of each Sub-fund. As well as applying to borrowing in a conventional manner, the 10% limit applies to any other arrangement designed to achieve a temporary injection of money into the property of each Sub-fund, in the expectation that such will be repaid, for example by way of a combination of derivatives which produces an effect similar to borrowings.

Borrowings may be made from the Depositary, the ACD, the directors or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to each Sub-fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

## **Investments in deposits**

Any Sub-fund may invest in deposits only if it is with an approved bank, is repayable on demand or has the right to be withdrawn; and matures in no more than 12 months.

## **Derivatives and forward contracts**

Subject to the FCA Rules and the provisions below each Sub-funds may invest in derivatives or forward contracts. Transactions involving derivatives or forward contracts will be subject to the parameters set out below.

- (a) Pursuant to the FCA Rules, the ACD may enter into a transaction for each Sub-fund which is:
  - (i) a permitted transaction; and
  - (ii) fully covered in accordance with the FCA Rules.
- (b) Permitted transactions are derivatives transactions (i.e. options, futures or contracts for difference) and forward transactions. A derivatives transaction must be:
  - (i) in an approved derivative (i.e. one which is traded or dealt in on an eligible derivatives market (as set out in Appendix 4)) and effected on or under the rules of an eligible derivatives market; or
  - (ii) one which complies with the provisions in the FCA Rules regarding “over-the-counter” (“OTC”) derivatives, which requires:
    - (1) that the counterparty to the transaction must be an eligible institution; or an approved bank; or a person whose permission (including any requirements or limitations), as published in the FCA register or whose home state authorisation, permits it to enter into the transaction as principal off exchange;
    - (2) that the transaction is on approved terms, the terms of the transaction are only approved if the ACD:
      - (i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction) and which does not rely only on market quotations by the counterparty; and
      - (ii) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
    - (3) that the transaction is capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
      - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
      - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

- (4) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
  - (ii) a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.
- (c) Eligible derivatives markets consist of any derivatives market which the ACD considers appropriate after consultation with the Depositary, subject to the FCA Rules. The eligible derivatives markets for each Sub-fund are set out in Appendix 4.
- (d) A transaction in a derivative must not cause each Sub-fund to diverge from its investment objectives stated in the Instrument and the most recently published version of this Prospectus.
- (e) A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by each Sub-fund and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the FCA Rules.
- (f) No transaction may be entered into unless the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative is covered globally in accordance with the FCA Rules, by cash or near cash or other property (of the right kind) sufficient to match the exposure. A covered currency forward or a covered currency derivative may provide cover for a derivative, but, in general, a derivative or forward transaction is not available to provide cover for another derivative or forward transaction. Cash not yet received but due to be received within one month, cash obtained by borrowing, borrowings which the ACD reasonably regards an Eligible Institution to be committed to provide and “synthetic cash” are available for cover.
- (g) Transactions may only be entered into if the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative, does not exceed the Net Asset Value of the Scheme Property and their global exposure to the underlying assets does not exceed the investment limit laid down in the FCA Rules.
- (h) Each Sub-fund may not undertake transactions in commodity derivatives.
- (i) Derivatives and forward transactions may be used where they are reasonably believed by the Investment Manager to be economically appropriate to the Efficient Portfolio Management of a Sub-fund. The ACD considers that the use of derivatives for Efficient Portfolio Management is not likely to affect the volatility or risk profile of each Sub-fund. Derivatives will not be used for speculative purposes.
- (j) The purpose of Efficient Portfolio Management is to achieve reduction of risk and/or reduction of cost and/or the generation of additional capital or income with a risk level which is consistent with the risk profile of the relevant Sub-fund and the risk diversification rules in the FCA Rules. The purpose must relate to the property of the relevant Sub-fund, property (whether precisely identified or not) which is to be or is proposed to be acquired for each Sub-fund and anticipated cash receipts of each Sub-fund, if due to be received and likely to be so within one month.



- (k) To be economically appropriate to the Efficient Portfolio Management of each Sub-fund, the Investment Manager must reasonably believe that:
- (i) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce;
  - (ii) the transaction will generate additional capital or income with a risk level which is consistent with the risk profile of each Sub-fund and the risk diversification rules laid down in the FCA Rules; and
  - (iii) where, for example, the Investment Manager wishes to achieve a switch in exposure, it may do so, rather than through sale and purchase of property of each Sub-fund, by use of derivatives (a technique commonly called “tactical asset allocation”) if the transactions concerned reasonably appear to it to be economically appropriate to the Efficient Portfolio Management of each Sub-fund and to diminish a risk or cost of a kind or level which it is sensible to reduce. Where the transaction relates to the actual or potential acquisition of transferable securities, then the Investment Manager must intend that each Sub-fund should invest in transferable securities within a reasonable time; and it must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.
- (l) Each Sub-fund may utilise both exchange-traded and OTC derivatives, including futures, forwards, swaps and contracts for difference, for the purpose of Efficient Portfolio Management. Such derivatives and forward transactions will usually be exchange-traded. Each Sub-fund may invest in derivatives and forward exchange contracts as long as the exposure to each Sub-fund resulting from those transactions is suitably covered by its property. Exposure will include any initial outlay in respect of that transaction.
- (m) The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the property of each Sub-fund. For the purpose of calculating the 10% limit, OTC derivative transactions with the same counterparty can be netted provided that certain conditions are met and the netting procedures are based on legally binding agreements. The exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral:
- (i) is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (ii) is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (iii) is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure by a related party; and
  - (iv) can be fully enforced by each Sub-fund at any time.
- (n) Each Sub-fund may invest in derivatives and forward contracts as long as the exposure to each Sub-fund resulting from those transactions is suitably covered by its property. Exposure will include any initial outlay in respect of that transaction. The Investment Manager considers that the risk profile of each Sub-fund is not adversely affected by the use of derivatives. In summary, the use of derivatives for Efficient Portfolio Management is not likely to affect the volatility or risk profile of each Sub-fund.
- (o) Transactions may only be entered into if the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative, does not

exceed the Net Asset Value of the scheme property and their global exposure to the underlying assets does not exceed the investment limit laid down in the FCA Rules.

**The use of derivatives for the purposes of pursuing the investment objective of each Sub-fund may affect the volatility or risk profile of the relevant Sub-fund, although this is not the ACD's intention.**

### **Leverage**

Each Sub-fund will not employ leverage in respect of the management of each Sub-fund. Therefore, each Sub-fund will not be regarded as a type of fund using leverage on a substantial basis, as described in the FCA Rules.

If the Sub-funds were to employ leverage, the ACD will be required to calculate and monitor the level of leverage of each Sub-fund (which shall include a measure of the maximum potential loss to the Sub-fund from the use of derivative instruments), expressed as a ratio between the exposure of the Sub-fund and its Net Asset Value (Exposure/Net Asset Value), under both the gross method and the commitment method. The ACD will also be required to disclose the maximum level of leverage for each Sub-fund and publish the total amount of leverage employed by each Sub-fund in the annual report and accounts of the Company.

Under the gross method, the exposure of each Sub-fund is calculated as follows:

- (a) include the sum of the absolute values of all assets held;
- (b) exclude cash and cash equivalents which are highly liquid investments held in the base currency of each Sub-fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- (c) derivative instruments are converted into the equivalent position in their underlying assets;
- (d) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- (e) include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- (f) include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the commitment method, the exposure of each Sub-fund is calculated broadly in the same way as under the gross method; however, levels of exposure may take account of the effect of netting off instruments to reflect hedging or netting arrangements and differences may arise in the treatment of cash and cash equivalents.

The table below sets out the current maximum level of leverage for each Subfund. The total amount of leverage employed by each Sub-fund will be included in the annual report and accounts of the Company.

Sub-fund	Maximum level of leverage as a percentage of each Sub-fund Net Asset Value	
	Gross method	Commitment method
MGTS Seven Rivers Diversified Alternatives Fund	3.3:1.0	1.1:1.0
MGTS Seven Rivers Fixed Income Fund	3.3:1.0	1.1:1.0
MGTS Seven Rivers Equity Fund	3.3:1.0	1.1:1.0

*Please note that the maximum leverage under the gross method is theoretical and would only occur if market risk and currency risk were hedged across the entire Company whilst it was using the maximum borrowing facility of 10%. It is not anticipated that both market risk and currency risk would be simultaneously hedged and therefore the likely maximum leverage which would be used in normal circumstances using the commitment method is 1.1:1.0 and using the gross method 2.2:1.0.*

As noted within the Borrowing section above, each Sub-fund may borrow to meet redemption and settlement mismatches, although it is not expected that significant use will be made of borrowing. Borrowing must not, on any Business Day, exceed 10% of the value of the property of each Sub-fund. As any such borrowing would be covered by any settlement mismatches and therefore fully covered, this would not be regarded as leverage.

### **Stock lending**

Each Sub-fund have power to engage in stock lending in the manner permitted by, and subject to the requirements of, the FCA Rules. The power may be exercised for the purpose of Efficient Portfolio Management. There is no limitation on the value of the property of each Sub-fund that may be the subject of permitted stock lending transactions. However, currently none of the Sub-funds engage in stock lending and the ACD does not anticipate that any Sub-fund will engage in stock lending in the future.

## APPENDIX 3

### Eligible Securities Markets

All Sub-funds may deal through securities markets established in the UK and 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. Channel Islands | The Channel Islands Stock Exchange  |
| 4. Hong Kong       | The Hong Kong Stock Exchange  |
| 5. Japan           | The Tokyo Stock Exchange  |
| 6. Singapore       | The Singapore Stock Exchange  |
| 7. United States   | NYSE MKT<br>NYSE Euronext<br>NASDAQ OMX PHLX<br>The United States Bond Market<br>NASDAQ |

## **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 Seven Rivers 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**

Smith & Pinching Financial Services Ltd  
295 Aylsham Road  
Norwich  
Norfolk  
NR3 2RY

#### **Administrator and Registrar**

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

#### **Depository**

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

#### **Auditor**

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

#### **Sponsor**

Smith & Pinching Financial Services Ltd  
295 Aylsham Road  
Norwich  
Norfolk  
NR3 2RY

## **APPENDIX 6**

### **DILUTION**

Please note: With effect from launch the Company had a dilution adjustment approach using a swinging NAV. Please see section 16.1 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**

### **Historical 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

A. Ogunnowo

Non-Executive:

J.M Vessey

N. Volpe