Electric & General Investment Fund

An Investment Company with Variable Capital

Prospectus

Prepared in accordance with the Collective Investment Schemes Sourcebook
Dated and valid as at 23 January 2023

Authorised Corporate Director
Administrator and Registrar
Yealand Fund Services Limited
Stuart House
St. John's Street
Peterborough
PE1 5DD
(Authorised and regulated by the Financial Conduct Authority)

Investment Manager
Troy Asset Management Limited
Registered and Head Office:
Hill House,
1 Little New Street,
London
EC4A 3TR

Principle place of business:
33 Davies Street
London
W1K 4BP
(Authorised and regulated by the Financial Conduct Authority)

Depositary
NatWest Trustee & Depositary Services Limited
Registered and Head Office:
250 Bishopsgate
London
EC2M 4AA

Principle place of business:
Trustee & Depositary Services
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh
EH12 1HQ
(Authorised and regulated by the Financial Conduct Authority)

Auditors
Shipleys LLP
10 Orange Street
London
WC2H 7DQ

THIS PROSPECTUS IS IMPORTANT

IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE ACD OR YOUR INDEPENDENT FINANCIAL ADVISER.

This Prospectus is intended for distribution in the United Kingdom. Its distribution may be restricted in other countries. It does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified so to do, or to anyone to whom it is unlawful to make such an offer or solicitation.

No person has been authorised by the ACD to give any information or to make any representations in connection with the offering of shares other than those contained in this Prospectus and, if given or made such information or representations must not be relied on as having been made by the ACD.

This Prospectus should be read in its entirety before making any application for Shares. 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.

Intending investors should inform themselves about and observe the legal requirements within their own countries for the acquisition of Shares of the Electric & General Investment Fund ("the Company") and any taxation or exchange control legislation affecting them personally, including the obtaining of any necessary governmental or other consents and the observation of any other formalities.

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

The provisions of the Company's Instrument are binding on each of its Shareholders (who are taken to have notice of them).

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

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus and is based on information, UK laws and practice at the date hereof. The ACD cannot be bound by an out of date Prospectus when it has issued a new Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated in this Prospectus, this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

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

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

Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any State of the United States of America including the District of Columbia or offered or sold to US Persons (as defined below). The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940.

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

This Prospectus is dated and valid as at 23 January 2023.

CONTENTS

Clause	Heading	Page
1	INTERPRETATION	1
2	CONSTITUTION OF THE COMPANY	3
3	INVESTMENT OBJECTIVE AND POLICY	3
4	RISK FACTORS	4
5	THE AUTHORISED CORPORATE DIRECTOR	6
6	THE INDEPENDENT DIRECTORS	7
7	THE DEPOSITARY	7
8	INVESTMENT MANAGER	9
9	THE AUDITORS	9
10	REGISTER	9
11	NO LIABILITY TO ACCOUNT	9
12	SHARES IN THE COMPANY	9
13	VALUATIONS	10
14	PRICES OF SHARES	13
15	DILUTION LEVY	13
16	STAMP DUTY RESERVE TAX	14
17	PURCHASE, REDEMPTION AND EXCHANGE OF SHARES	14
18	SWITCHING	17
19	SUSPENSION OF DEALINGS	18
20	MANDATORY REDEMPTION OF SHARES	19
21	DISTRIBUTION	19
22	INCOME EQUALISATION	21
23	THE AUTHORISED CORPORATE DIRECTOR'S CHARGES	21
24	THE FEES OF OTHER DIRECTORS OF THE COMPANY	22
25	THE FEES, CHARGES AND EXPENSES OF THE DEPOSITARY	23
26	THE INVESTMENT MANAGER’S CHARGES	24
27	THE ADMINISTRATOR’S CHARGES	25

28 OTHER PAYMENTS OUT OF THE COMPANY 25

29 TAXATION 26

30 REPORTS AND ACCOUNTS 29

31 ANNUAL GENERAL MEETING 29

32 VOTING 30

33 INVESTMENT AND BORROWING POWERS 31

34 TRANSFER OF SHARES 31

35 WINDING UP OF THE COMPANY 31

36 OTHER INFORMATION 32

37 GENERAL 33

Appendix 1 - Investment and Borrowing Powers 37

Appendix 2 - Eligible Markets 50

Appendix 3 - Other Collective Investment Schemes 51

1 INTERPRETATION

In this Prospectus the words and expressions set out in the first column below shall have the meanings set opposite them unless the context requires otherwise. Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the Act or Regulations (as defined below) unless the contrary is stated. The definitions are as follows:

"**ACD**"	the Authorised Corporate Director of the Company holding office from time to time pursuant to the Regulations being Yealand Fund Services Limited at the date of this Prospectus;
"**Act**"	the Financial Services and Markets Act 2000, as amended from time to time;
"**Applicant**"	means any person applying for Shares issued by the Company;
"**Business Day**"	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange is not open for the normal full duration of its trading hours;
"**Collective Investment Schemes Sourcebook**" or "**COLL**"	the Collective Investment Schemes Sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time;
"**Company**"	Electric & General Investment Fund;
"**Directors**"	the directors of the Company for the time being (including the ACD), or, as the case may be, the directors of the Company for the time being assembled as a board including any committee of such;
"**Depositary**"	the person appointed from time to time by the Company or otherwise pursuant to the Regulations to which all of the Scheme Property of the Company is entrusted for safe keeping pursuant to the Regulations, being NatWest Trustee & Depositary Services Limited at the date of this Prospectus;
"**Dealing Day**"	means 9.00 a.m. to 5.00 p.m. on any Business Day;
"EEA"	means the European Economic Area;
"EU"	means the European Union;
"EU Primary Law"	means any regulation, directive and decision as laid out in art. 288 of the TFEU;
"EU Secondary Law"	means any delegated acts and implementing acts adopted in accordance with art. 290 and 291 of the TFEU, and all the applicable technical and regulatory standard, guidance and codes of practice issued by the relevant EU supervisory authority and bodies;
"EU Withdrawal Act"	means the European Union (Withdrawal) Act 2018 as amended, supplemented or replaced from time to time;
"**FCA**"	Financial Conduct Authority, 12 Endeavour Square, London E20 1JN and any successor entity;
"**Independent Director**"	means a Director of the Company other than the ACD;

"**Investment Manager**" Troy Asset Management Limited, 33 Davies Street, London W1K 4BP;

"**Instrument**"	means the instrument of incorporation constituting the Company, as amended from time to time;
"**IRS**"	means the United States Internal Revenue Service;
"**Net Asset Value**"	means the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the provisions of this Prospectus, the Instrument and the Regulations. The Net Asset Value will at all times comprise of a capital and a net income component;
"**Net Asset Value per Share**"	means the Net Asset Value of a particular Share class divided by the number of Shares of that class in issue. The Net Asset Value per Share will at all times comprise of a capital and a net income component;
"**OEIC Regulations**"	Open-Ended Investment Companies Regulations 2001 (as amended);
"**PRN**"	the Company's product reference number allocated by the FCA;
"**Regulations**"	the OEIC Regulations and COLL;
"**Scheme Property**"	means those assets which comprise the property of the Company to be given to the Depositary for safe-keeping as required by the Regulations;
"**Shareholder**"	a holder of registered Shares in the Company;
"Shares"	means the shares (of whatever class) of the Company;
"**UCITS Directive**"	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended);
"**UCITS Scheme**"	a fund authorised by the FCA which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
"**VAT**"	means UK value added tax.

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 Primary or Secondary 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 provision of EU Primary or Secondary Law that will be retained under the laws of the UK or to any relevant UK body that has been substituted for such EEA or EU institution, whether under power conferred by the EU Withdrawal Act, or otherwise by any legislation adapted or implemented in the UK following the UK's withdrawal from the EU.

2 CONSTITUTION OF THE COMPANY

The Company is an open-ended investment company with variable capital incorporated under the OEIC Regulations. The Company is a UCITS Scheme as defined in COLL. The Company is incorporated in England and Wales with registered number IC000907. The Company was authorised by an order made by the Financial Services Authority with effect from 29 June 2011.

The head office of the Company is at Stuart House, St. John's Street, Peterborough PE1 5DD. This is also the address for the service on the Company of notices or other documents required or authorised to be served on it.

The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's Net Asset Value.

The operation of the Company is governed by the Regulations, the Company's Instrument and this Prospectus. The Company has unlimited duration.

The PRN of the Company is 555627.

Shareholders do not have any proprietary interest in the underlying assets of the Company. The Shareholders of the Company will not be liable for the debts of the Company.

3 INVESTMENT OBJECTIVE AND POLICY

Investment of the assets of the Company must comply with COLL, the Instrument and its investment objective and policy which are set out below.

The Company's investment objective is to seek to achieve long-term capital growth with some potential for income.

To achieve the investment objective, the Company's investment policy is to invest principally in a portfolio of global equities, and may also invest in other transferable securities, bonds, units and/or shares in collective investment schemes, warrants, money market instruments, cash, near cash and deposits. There is no limit to which the Company can be invested in each sector or asset type, nor is there any particular geographic focus. The Company may borrow and may enter into underwriting arrangements. It is the ACD's intention that derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging, as defined by the Regulations. From time to time the liquidity of the Company may be increased substantially if judged to be in the interests of investors.

A detailed statement of the general investment and borrowing restrictions prescribed by COLL as applicable to the Company is set out in Appendix 1.

Comparator Benchmark

To gauge the relative performance of the Company, Shareholders may compare the Company's performance against the Investment Association's Global Sector (the "Sector"). Further information on the Sector can be obtained from www.theia.org/industry-data/fund-sectors/definitions.

The Sector has been recommended for comparison purposes as the Company's exposure to particular assets is expected over the long term to be most closely aligned to funds categorised within the Sector. As funds within the Sector have varying levels of exposure to particular geographic regions and may have areas of particular specialism, performance comparisons against the Sector may be least representative during periods of very strong performance (either positive or negative) in particular markets which the Company may have less or more exposure to than the average fund categorised within the Sector.

The Sector is to be used for comparison purposes only and is not a performance target nor shall it constrain the Investment Manager in the way in which the Company's assets are constructed or managed. **Shareholders are reminded that past performance is no guide to future performance, the value of Shares and the income may fall as well as rise and capital is at risk.**

4 RISK FACTORS

Investors should bear in mind that all investment carries risk, in particular investors should be aware of the following:

General risk warnings:

(a) Past performance is not a guide to the future. There can be no assurance that any appreciation in the value of the investments will occur. The value of Shares and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies.

(b) Two thirds of the Investment Manager's fee is charged to capital account. This treatment of the Investment Manager's fee may increase the amount of income available for distribution, but will restrain capital growth.

(c) In certain circumstances, for efficient portfolio management purposes only, the Company may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The use of derivatives may involve additional risks for shareholders. As a result, the NAV of the Company could potentially be more volatile, however, it is the Investment Manager's intention that the Company, owing to its portfolio composition or the investment management techniques used, will not have volatility significantly in excess of general market volatility. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Company.

(d) The summary of the UK tax treatment in section 29 is based on current law and practice which may change. It does not take into account particular circumstances which may affect the UK tax treatment of any particular investor. In particular the levels of relief from taxation will depend upon individual circumstances and may change.

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

(f) The Company may invest in other collective investment schemes and as such the Company will bear its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which the Company bears directly with its own operations.

(g) The ACD may apply a dilution levy (as explained further in section 15) to the price payable on the purchase or redemption of Shares. Where a dilution levy is not applied the Company may incur dilution which may constrain capital growth.

(h) Where assets are held in custody, there may be a risk of loss resulting from the insolvency, negligence or fraudulent action of the custodian or sub-custodian.

(i) The Company may invest up to 10% of the Scheme Property in transferable securities and money market instruments which are unlisted, meaning that they are not traded on a recognised stock exchange, and are not readily

realisable. Consequently such investments may be more volatile than listed investments.

(j) Fixed interest securities (bonds) are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of a default or reduced credit rating of the issue. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit rating (also known as sub-investment grade bonds) are potentially more risky than investment grade bonds.

(k) Investments in smaller companies may carry higher risk as they are less liquid than larger companies which means that fluctuations in price may be greater than for larger companies.

(l) The Company could lose money if an entity with which it does business becomes unwilling or unable to honour its obligations to the Company.

(m) The values, in Sterling terms, of investments that are not denominated in Sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares.

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

(o) There is a risk that an issuer or counterparty will default by failing to make payment due, or failing to make payments in a timely manner, which would adversely affect the value of investments.

(p) The preceding list of risks may not be exhaustive.

Target Market

Electric & General Investment Fund may be suitable for all eligible investors (be they retail clients, professional clients or eligible counterparties, each as defined in glossary to the UK Financial Conduct Authorities Handbook of Rules and Guidance) who are seeking long-term capital growth with some potential for income by investing principally in a portfolio of global equities, provided they can meet any minimum age and minimum investment amounts. Financial experience is not considered a necessity. However, investors must at least understand a product where capital is at risk and have the capacity to bear losses (possibly total) on their original investment, accepting risk to their capital. The fund may be suitable as a component of a portfolio and for investors who are looking to set aside their capital for the long term (at least five years), though shares may be redeemed on a daily basis.

The risk and reward profile for the fund is set out in the Key Investor Information Document(s) for the fund. Any investor should be willing to accept price fluctuations.

Electric & General Investment Fund is unlikely to be compatible with the requirements of an investor:

- investors looking for guaranteed income or return;

- seeking full capital protection;

- who does not have sufficient resources to bear any loss resulting from the investment;

- who is not able to evaluate the risks and merits of the fund; and/or

- with a short-term (less than five years) investment horizon.

5 THE AUTHORISED CORPORATE DIRECTOR

The authorised corporate director ("**ACD**") of the Company is Yealand Fund Services Limited. The ACD is responsible for the day to day management and administration of the Company. The ACD is a private company limited by shares, incorporated in England and Wales on 3 June 2009 under the Companies Act 1985. The registered and head office of the ACD is at Stuart House, St. John's Street, Peterborough PE1 5DD. This is the address at which notices or other documents may be served on the Company. The amount of the ACD's issued and fully paid share capital is £120,000.

The ACD is authorised and regulated by the Financial Conduct Authority ("**FCA**"). The ACD may provide investment services to other clients and funds and to companies in which the Company may invest in accordance with the Regulations.

The ACD is the authorised corporate director of the schemes listed in Appendix 3.

Directors of the ACD

The directors of the ACD are:

Alison Talbot
Rob Leedham
Samuel Jackson
Paolo Scalco
Peter Doyle
Alastair Hay
Sian Hill
Dominic Masterson

The following directors have significant business activities not connected with the business of the ACD.
Mr. Paolo Scalco is also the Chief Executive Officer of Applerigg Limited, which is the parent company of YFS. Mr. Peter Doyle is also a director of Generation Life Ltd and GenTwo Ltd, as well as a Trustee of Grosvenor Pension Funds. Ms. Sian Hill is also a director of Suffolk Building Society.

ACD Agreement

The ACD provides its services to the Company under the terms of a service agreement (the "**ACD Agreement**"). The ACD Agreement will terminate with immediate effect if the ACD ceases to hold office as such. The ACD's appointment may be terminated by the Company in a general meeting at any time. Otherwise, save by reason of certain events of default as specified in the ACD Agreement, the Company may terminate the ACD's appointment on six month's notice to expire on an accounting date or interim accounting date of the Company. The ACD Agreement will also terminate on expiry of notice given by the Depositary in accordance with Rule 6.5.4(3) of COLL (liquidation, receivership or administration order in respect of the ACD). No such notice shall take effect until the appointment of a successor ACD. The ACD Agreement contains an indemnity from the Company to the ACD in respect of losses, claims and similar liabilities incurred by the ACD as such, save where such losses, claims and similar liabilities arise from the negligence, default, breach of duty or breach of trust of the ACD.

The ACD is responsible for managing and administering the Company's affairs in compliance with COLL, the provisions of the Instrument of the Company, this Prospectus and the Regulations. The ACD may delegate its management and administration functions, but not responsibility for such functions, to third parties, including associates subject to the Regulations.

The ACD has delegated the investment management function to Troy Asset Management Limited.

When managing investments of the Company, the ACD will not be obliged to make use of information which in doing so would be a breach of duty or confidence to any other person or which comes to the notice of an employee or agent of the ACD but properly does not come to the notice of an individual managing the assets of the Company.

6 THE INDEPENDENT DIRECTORS

The Company is constituted with a board of Directors, including the ACD, who together are responsible for managing the business of the Company. The board of Directors has appointed Yealand Fund Services Limited as the ACD of the Company. As mentioned above, the ACD is responsible for the day to day management of the Company in accordance with the Regulations. The Independent Directors are required to exercise reasonable care to ensure that the ACD undertakes its responsibilities in a competent manner. If, for whatever reason, there is no person appointed to the office of ACD, the board of Directors is required to exercise the functions of the ACD.

The Independent Directors, together with the ACD, formally review the investment performance of the Company at quarterly meetings of the board. The Investment Manager's performance against the Company's investment objective and any other matter of relevance to the Company and its Shareholders, is also reviewed at such meetings.

The Independent Directors are independent of the Investment Manager and the ACD. The Independent Directors shall retire in rotation after serving not more than three years in office and their reappointment, or the appointment of alternative or additional Directors, shall be subject to a Shareholder vote at such annual general meeting of the Company, and FCA approval.

The Independent Directors as at the date of this Prospectus are:

Simon Longfellow

Mr Longfellow has over 20 years experience working in the investment industry, most notably for Janus Henderson Investments where he was the Head of Investment Trust Marketing. He is also a co-founding and founding director of Steps to Investing Limited and Neo Strategic Marketing Limited respectively.

The letters of appointment between the Company and each Independent Director require the Independent Director to retire in rotation as described above. Each Independent Director is required to attend a minimum of three meetings of the board each year. In the event an Independent Director is unable to attend a board meeting, he is required to review all papers relating to a meeting of the board and submit his comments to the board accordingly.

The letters of appointment between the Independent Directors and the Company are available for inspection by Shareholders at the ACD's office at Stuart House, St. John's Street, Peterborough PE1 5DD and will be made available for inspection at the Company's annual general meeting.

7 THE DEPOSITARY

The Company's depositary is NatWest Trustee & Depositary Services Limited. The Depositary is incorporated in England & Wales as a limited liability company.

The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised and regulated by the Financial Conduct Authority.

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

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the "**Depositary Agreement**").

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

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

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Company as a result of the Depositary's negligent or intentional failure to fulfil its obligations. However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations. It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

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

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

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property. The Depositary has delegated safekeeping of the Scheme Property to RBC Investor Services Trust ("the Custodian"). In turn, the Custodian may delegate the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-custodians"). Shareholders should note that the list of Sub-custodians is updated only at each Prospectus review. An updated list of Sub-custodians is maintained by the ACD.

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

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

8 INVESTMENT MANAGER

Pursuant to an agreement (the "Troy Investment Management Agreement") between Troy Asset Management Limited and the ACD, Troy Asset Management Limited will provide general discretionary investment management services in respect of the Company. The principal activity of Troy Asset Management Limited is the provision of discretionary investment management services in respect of the Company and other clients.

Troy Asset Management Limited, whose principal place of business is at 33 Davies Street, London W1K 4BP, United Kingdom, is authorised and regulated by the Financial Conduct Authority of the United Kingdom.

Troy Asset Management Limited has the authority to make decisions on behalf of the ACD in relation to the management, purchase, sale, retention, exchange or other dealings with assets and otherwise to act as it shall deem appropriate, subject always to the provisions of the Instrument of the Company, this Prospectus, the Regulations and the investment objective and policy of the Company. The Investment Manager's strategy for determining when and how voting rights attaching to the Company's Scheme Property are exercised, and the procedures that are followed when transactions are carried out on behalf of the Company, are available from the ACD on request.

The ACD may terminate the Troy Investment Management Agreement with immediate effect where, in the ACD's opinion, it is in the interests of the Shareholders to do so, in accordance with the Regulations.

9 THE AUDITORS

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

10 REGISTER

The register of Shareholders is maintained at Yealand Fund Services Limited's office at Stuart House, St. John's Street, Peterborough PE1 5DD, where it can be inspected by Shareholders during normal office hours. The Company has the power to close the register for any period or periods not exceeding thirty days in any one year.

11 NO LIABILITY TO ACCOUNT

Neither the ACD, the Independent Directors, the Depositary nor any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the Shareholders or former Shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with: (i) dealings in the Shares of the Company; (ii) any transaction in the underlying property of the Company; or (iii) the supply of services to the Company.

12 SHARES IN THE COMPANY

Under the Instrument the Company is currently permitted to issue the following share classes:

- Gross Income Shares;
- Gross Accumulation Shares;
- Net Income Shares;
- Net Accumulation Shares.

Currently the following Shares are available in respect of the Company:

- **Net Income 'A' Shares**
- **Net Accumulation Shares**

Further classes of Shares may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary, and in accordance with the Company's Instrument.

Each Share is deemed to represent one undivided unit of entitlement in the property of the Company. No bearer shares are issued.

Holders of Income Shares are entitled to be paid the distributable income attributable to such Shares on any relevant interim or annual allocation dates.

Holders of Accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Share.

The Instrument allows the Company to issue Gross Income and Gross Accumulation Shares as well as Net Income and Net Accumulation Shares, however, only Net Paying Shares are currently issued. Net Paying Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholder (in the case of Income Shares) or credited periodically to capital (in the case of Accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Paying Shares are Income or Accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company.

If both Income and Accumulation Shares are in existence, the income of the Company is allocated as between Income Shares and Accumulation Shares according to the respective units of entitlement in the property of the Company represented by the Accumulation Shares and Income Shares in existence at the end of the relevant accounting period.

Where the Company has different share classes, each class may attract different charges and so monies may be deducted from the Scheme Property attributable to such classes in unequal proportions.

The rights attaching to the Shares of all classes may be expressed in two denominations and, in each of these classes, the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination.

No certificates will be issued in respect of a holding of Shares. Ownership of Shares will be evidenced by an entry in the Company's register of Shareholders. Should any Shareholder require evidence of title to Shares the ACD will, upon such proof of identity and the payment of such fee (if any) as the ACD may reasonably require, supply the Shareholder with a certified copy of the relevant entry in the register relating to the Shareholder's holding of Shares.

Shareholders should notify the Registrar in writing of any change to their name or address.

13 VALUATIONS

Valuations of property of the Company for the purposes of the calculation of share prices will be carried out in accordance with the rules for single priced funds in COLL.

Each Share represents a proportional share of the overall property attributable to the Company. Therefore, the value of a Share is calculated, in broad outline, by calculating the Net Asset Value of the property attributable to the Company, and dividing that value (or that part of that value attributed to Shares of the class in question) by the number of Shares (of the class in question) in issue.

Valuations are normally carried out on each Dealing Day. The valuation point for the Company is 10:00am (UK time) on each Dealing Day.

The ACD may carry out additional valuations if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings (see "**Suspension of Dealings**" below). The ACD is required to notify the Depositary if it carries out an additional valuation.

Determination of Net Asset Value

The property attributable to the Company is, for all purposes, valued on the following basis (which is set out in full in the Instrument):

1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

2 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

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

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

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

(b) exchange-traded derivative contracts:

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

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

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

(d) any other investment:

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

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

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

(e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

3 Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.

4 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or this Instrument shall be assumed (unless the contrary has been shown) to have taken place.

5 Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.

6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.

7 All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

8 Deduct an estimated amount for anticipated tax liabilities (on unrealised gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

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

10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

12 Add any other credits or amounts due to be paid into the Scheme Property.

13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

14 Currencies or values in currencies other than base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

Valuations – general points

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

The Company has credited to it the proceeds of all shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments.

Fair Value Pricing

Where the ACD has reasonable grounds to believe that:

(a) no reasonable price exists for a security at a valuation point; or

(b) the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point;

it will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstance which may give rise to a fair value price being used includes where there has been no recent trade in the security concerned or where there has been the occurrence of a

significant event since the most recent closure of the market where the price of the security is taken.

14 PRICES OF SHARES

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation of the Scheme Property after the purchase, redemption or switch of Shares is agreed and will be subject to market movements in the interim. Shares in the Company are "single priced". Investors should bear in mind that on purchase, any initial charge is deducted from the investment at the outset. In addition, for both purchases and sales by investors, there may be a **dilution levy** as described below.

The price of a Share is calculated at or about the valuation point each Dealing Day (to at least four significant figures) by:

- taking the value of the property attributable to the Company and therefore all Shares (of the relevant class) in issue (on the basis of the units of entitlement in the property of the Company attributable to that class at the most recent valuation of the Company); and
- dividing the result by the number of Shares of the relevant class in issue immediately before the valuation concerned.

Publication of Prices

The most recent price of Shares will appear daily in the Financial Times and on the website of the Administrator at www.yealand.com. Prices are also available by telephoning the ACD on 0345 850 0255.

The ACD is not responsible for any errors in publication or non-publication. As the ACD deals on a forward pricing basis the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal.

15 DILUTION LEVY

What is 'dilution'? – Where the Company buys or sells underlying investments in response to a request for the issue or redemption of Shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the Shareholder and which is referred to as "dilution".

To mitigate the effects of dilution (which, if material, disadvantages continuing shareholders and could adversely affect the future growth of the Company), the ACD has discretion to charge a dilution levy based on historical data on the purchase or redemption of Shares in the Company. A dilution levy is a separate charge of such amount or rate as determined by the ACD. The levy (if charged) is paid directly to the Company and is intended to reduce the effect of dilution on the future growth of the Company.

The ACD's policy regarding the dilution levy – At its absolute discretion, the ACD may charge a dilution levy on the price of Shares in the following circumstances:

- Where the Company experiences a large level of net sales or redemptions on any Dealing Day, relative to its size (i.e. net sales or redemptions equivalent to greater than 5% of the Net Asset Value of the Company);
- Where the Company is in continuing decline, in terms of Net Asset Value, as a result of poor market conditions or continual net redemptions;
- On "large deals", which for this purpose is defined as a single purchase or redemption of Shares equivalent to more than 5% of the Net Asset Value of the Company.
- in any other case where the ACD is of the opinion that the interests of the Shareholders require the imposition of a dilution levy.

The amount is not retained by the ACD but is paid into the Company.

How will it affect investors? – On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the Company. As dilution is directly related to the inflows and outflows of monies from the Company it is not possible to predict accurately whether dilution will occur at any point in time. Consequently it is also not possible to predict accurately how frequently the ACD will need to make such a dilution levy. However, the ACD believes that the likely effect of not charging a dilution levy, excluding such cases referred to in "*The ACD's policy regarding the Dilution Levy*" above, will be negligible.

The ACD does not currently envisage that a dilution levy will be applied to any "large redemption deals" in the Company. However, where it is applied, the ACD believes that the amount will not normally exceed 0.5% of the Net Asset Value of Shares being bought or sold.

16 STAMP DUTY RESERVE TAX

The Stamp Duty Reserve Tax (SDRT) charge on the surrender of units / shares in UK based unit trust schemes and open ended investment companies (OEICs) to the fund manager was abolished on 30 March 2014.

However, the SDRT charge will remain in relation to certain transactions:

(i) Third party transfers of units

Where the transaction is handled by the ACD there will continue to be no principal SDRT charge. However, where transactions are not handled by the ACD (i.e. a third party transfer where only beneficial ownership of the shares change) then the principal SDRT charge on agreements to transfer will still technically apply at 0.5% or at the higher rate (1.5%) if transferred into depositary receipt arrangements or clearance services.

(ii) Non-pro rata in specie redemptions

An additional revision was made to the legislation to make non-pro rata in specie redemptions subject to a principal SDRT charge rather than a schedule 19 charge.

There is no charge on a pro rata in specie redemption. A pro rata in specie redemption ensures that an investor redeems an equal and exactly proportionate stake of their investment in the scheme, however a non-pro rata in specie redemption does not and it is therefore deemed by HMRC that the investor is effectively acquiring new interests in chargeable securities and is hence subject to an SDRT charge.

17 PURCHASE, REDEMPTION AND EXCHANGE OF SHARES

Initial Offer Period

The initial offer period for the Company commenced at 8:30am on 12 August 2011 and ended at noon on 12 August 2011.

The initial price was 100 pence. Shares will only be issued in the base currency.

The ACD's own dealing

Requests for the purchase, redemption and exchange of Shares are normally dealt with by the issue or cancellation of such Shares by the Company. However, in certain circumstances, the ACD may deal with such requests by selling Shares to and/or repurchasing them from the Applicant as appropriate. In other words, the ACD is entitled to hold Shares for its own account and to satisfy requests for the sale of Shares from its own holding (this is generally referred to

as the ACD dealing from its "**box**"). The ACD is required to procure the issue or cancellation of Shares by the Company where necessary to meet any obligations to sell or redeem Shares. Shares will be issued, cancelled, sold or repurchased at the price calculated by reference to the valuation point following receipt of the request (on a forward basis).

The ACD may not sell a Share at a higher price, or redeem a Share at a lower price from its "box" (in both cases before application of any initial charge or dilution levy) than the price notified to the Depositary in respect of the valuation point concerned.

The ACD is under no obligation to account to the Company or to Shareholders or any of them for any profit it makes on the issue of Shares or on the reissue or cancellation of Shares which it has redeemed from its "box" and will not do so.

Purchase

Applications

Subject to any restrictions that may be applicable to certain classes of Shares, applications for Shares in the Company may be made by any eligible person. Shares to satisfy an application received before the valuation point of the Company (see "**Valuations**" for details of the valuation points) on a Dealing Day will be sold at a price based on that day's valuation and Shares to satisfy an application received after the valuation point, or on a day which is not a Business Day, will be sold at a price based on the valuation made on the next Dealing Day.

Applications may be made by completing an application form and delivering it to the ACD at Stuart House, St. John's Street, Peterborough PE1 5DD. The ACD may also, at its sole discretion, accept instructions by facsimile on such terms as it may specify. Applications may be faxed to the ACD on 01733 286833 or submitted through approved agents. Application forms are available from the ACD.

The ACD may refuse to accept an application for the purchase of shares if it has reasonable grounds to do so. The ACD does not currently accept applications for Shares on the authority of electronic communications from Applicants, however, the ACD may decide to accept such electronic communications in the future and will update this Prospectus with the conditions that must be satisfied to effect an electronic application accordingly.

Applications, however made, are irrevocable. Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the Applicant by post at the Applicant's risk.

Applications will not be acknowledged but a contract note will be sent on or before the Business Day next following the relevant Dealing Day. A key investor information document will be issued with the contract note. Certificates will not be issued. Where the total price payable for all Shares for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

Payment in respect of applications of £250,000 or less must be received no later than the third Business Day after the relevant Business Day. Payment must be made with order for applications in excess of £250,000. Nevertheless, the ACD reserves the right to request that payment in respect of any application be received prior to the relevant Business Day.

If an Applicant defaults in making any payment in money or transfer of property due to the ACD in respect of the sale or issue of Shares, the Applicant shall indemnify the ACD and/or the Company (as the case may be) in respect of any loss or cost incurred by either of them as a result of such default and the Company is entitled to make any necessary amendment to the register and the ACD will become entitled to the Shares in place of the Applicant (subject, in case of an issue of Shares, to the ACD's payment of the purchase price to the Company). The ACD may in its discretion delay arranging for the issue of the Shares until payment has been received.

Money laundering prevention

The Company is subject to the United Kingdom's anti-money laundering regulations and the ACD may in its absolute discretion require verification of identity from any Applicant including, without limitation, any Applicant who:

(a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or

(b) appears to the ACD to be acting on behalf of some other person.

In the former case, verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required.

Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to investors. In the case of a purchase of Shares where the Applicant is not willing or is unable to provide the information request within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment. The ACD will not be liable for any Share price movements occurring during delays while money laundering checks are carried out.

In Specie Application

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of Shares in exchange for assets other than cash but only if the Depositary is satisfied that acquisition of the assets in exchange for the Shares to be issued is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders of the Company.

Minimum Purchase

The minimum value of Net Income 'A' Shares and Net Accumulation Shares which any one person may purchase initially is £1,000. The minimum value of additional Net Income 'A' Shares and Net Accumulation Shares which may purchased subsequently is £1,000.

However, the ACD may, by special arrangement and at its discretion, either agree on an individual basis a lower amount in relation to the minimum value requirements, or waive such requirements at its discretion.

Redemption

Shares in the Company may be redeemed on any Dealing Day. Dealings are on a forward price basis as explained in the section headed "**Purchase**" above. Shares to be redeemed pursuant to a redemption request received before the valuation point of the Company on a Dealing Day will be redeemed at a price based on that day's valuation and Shares to be redeemed pursuant to a redemption request received after that time, or on a day which is not a Business Day, will be redeemed at a price based on the valuation made on the next Dealing Day.

Redemption instructions may be given by delivery to the ACD of written instructions for redemption (by letter at Stuart House, St. John's Street, Peterborough PE1 5DD or by fax to 01733 286833). Redemption instructions sent by fax must be followed up with the original signed instructions. Redemption instructions are irrevocable.

The ACD does not currently accept redemption instructions on the authority of electronic communications received from Shareholders.

A redemption contract note will be sent on or before the next Business Day following the relevant Dealing Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). If a redeeming Shareholder wishes to be paid other than by cheque or bank automated credit system, the ACD will endeavour to arrange this but at the cost of the Shareholder. The

redemption proceeds will be paid not later than the close of business on the third Business Day after the later of the following times:

(a) the valuation point immediately following the receipt by the ACD of the request to redeem the Shares; or

(b) the time when the ACD has received all duly executed instruments and authorisations which effect (or enable the ACD to effect) transfer of title to the Shares.

However neither the Company nor the ACD is required to make payment in respect of a redemption of Shares where the money due on the earlier issue of those Shares has not yet been received or where the ACD considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to the United Kingdom's anti-money laundering regulations.

In Specie Redemption

Where a Shareholder requests redemption of a number of Shares, the ACD at its discretion may, by serving a notice of election on the Shareholder not later than the close of business on the second Business Day following the day of receipt of the request, elect that the Shareholder shall not be paid the redemption price of his Shares but instead there shall be a transfer to that holder of property having the appropriate value. Where such a notice is so served on a Shareholder, the Shareholder may serve a further notice on the ACD not later than the close of business on the third Business Day following the day of receipt by the Shareholder of the first mentioned notice requiring the ACD, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the Shareholder of the net proceeds of that sale.

The selection of Scheme Property to be transferred (or sold) is made by the ACD in consultation with the Depositary. The Depositary may pay out of the Scheme Property assets other than cash for the redemption of Shares in the Company if the Depositary has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders or potential Shareholders of the Company.

Minimum Redemption and Holding

If the redemption request is in respect of only some of the Shares held, the minimum value of Shares which may be the subject of redemption is £1,000 in respect of Net Income 'A' Shares and Net Accumulation Shares.

Where the value of an individual holding of Shares would, in consequence of a request for redemption/cancellation, fall below £1,000, such request may be treated as a request for redemption/ cancellation of all the Shares held by such Shareholder.

The value of Shares for this purpose is calculated by reference to the current price, net of any initial charge and before any application of a dilution levy. However the ACD may, by special arrangement on a case by case basis and at its discretion, agree a lower amount in relation to the minimum redemption size.

18 SWITCHING

Where two or more Share classes are available, subject to the qualifications mentioned below, a Shareholder is entitled to exchange Shares of one class for the appropriate number of Shares of another class.

The appropriate number of shares is determined by the following formula:

$$N = O \times \frac{(CP \times ER)}{SP}$$

Where:

N is the number of new shares to be issued or sold (rounded down to the nearest whole number of smaller denomination shares);

O is the number of original shares specified (or deemed to be specified) in the exchange notice which the holder has requested to exchange;

CP is the price at which a single original share may be cancelled or redeemed as at the valuation point applicable to the cancellation or redemption as the case may be;

ER is 1, where the original shares and the new shares are designated in the same currency and, in any other case, is the exchange rate determined by the ACD in its absolute discretion (subject to the FCA Rules as representing the effective rate of exchange between the two relevant currencies as at the date the exchange notice is received (or deemed to have been received) by the Company having adjusted such rate as may be necessary to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such an exchange being effected; and

SP is the price (including any switching charge) at which a single new share may be issued or sold as at the valuation point applicable to the cancellation or redemption as the case may be.

The right to exchange is subject to the following:

- the ACD and the Depositary are not obliged to give effect to a request for exchange of Shares if the value of the Shares to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the Shareholder holding Shares of any class having a value of less than the minimum holding for that class of Share (see above);
- the ACD may decline to permit an exchange into a Share class any circumstance in which they would be entitled under COLL to refuse to give effect to a request by the Shareholder for the redemption of Shares of the old class or the issue of Shares of the new class.

Exchanges between classes of Shares may be subject to a charge (See "**Switching Charge**" below).

In no circumstances will a Shareholder who exchanges shares in one class of Shares for Shares in any other class be given a right by law to withdraw from or cancel the transaction.

A switch of Shares between different Share classes will not be deemed to be a realisation for the purposes of capital gains taxation.

Application

A Shareholder wishing to exchange Shares should apply in the same way as for a redemption (see above).

19 SUSPENSION OF DEALINGS

The ACD may with the prior agreement of the Depositary, and must without delay, if the Depositary so requires, temporarily suspend the issue, cancellation, sale, redemption and exchange of any Shares in the Company ("**dealing**") where due to exceptional circumstances it is in the interests of all Shareholders in the Company.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for so long as it is justified having regard to the interests of the Shareholders. On suspension, the ACD, or the Depositary (if the Depositary has required the ACD to suspend dealings) will immediately inform the FCA stating the reason for the suspension and as soon as practicable give written confirmation of the suspension and the reasons for it to the FCA.

The ACD will notify Shareholders of the suspension as soon as practicable after suspension commences, drawing Shareholders' particular attention to the exceptional circumstances which

resulted in the suspension in a manner that is clear, fair and not misleading, and will inform Shareholders of how to obtain further information regarding the suspension with a view to keeping Shareholders sufficiently informed. The ACD shall publish on its website and/or by other general means sufficient details to keep Shareholders appropriately informed about the suspension including, if known, its likely duration.

During a suspension none of the obligations in COLL 6.2 (Dealing) apply; and the ACD shall comply with as much of COLL 6.3 (Valuation and pricing) as is practicable in the light of the suspension. The suspension of dealings in Shares must cease as soon as practicable after the exceptional circumstances which led to the suspension, have ceased.

The ACD and the Depositary shall formally review the suspension at least every 28 days and inform the FCA of the results of this review and any change to the information provided to the FCA in respect of the reasons for the suspension.

The ACD shall inform the FCA of the proposed restart of dealing in Shares and immediately after the restart shall confirm this by giving notice to the FCA.

The ACD may agree, during the suspension, to deal in Shares in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first valuation point after restart of dealing in Shares, provided that if the ACD operates limited redemption arrangements, and the event leading to the suspension of dealing has affected a valuation point, the ACD shall declare an additional valuation point as soon as possible after the restart of dealing in Shares.

The provisions relating to suspension of dealings can only apply to one or more classes of Shares without being applied to other classes, if it is in the interest of all the Shareholders.

20 MANDATORY REDEMPTION OF SHARES

If the ACD reasonably believes that any Shares are owned directly or beneficially in circumstances which:

(a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory;

(b) may (or may if other Shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); 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,

it may give notice to the holder of such Shares requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the Shares by the Company. If the holder does not either transfer the Shares to a qualified person or establish to the ACD's satisfaction that he or she and any person on whose behalf he or she holds the Shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

21 DISTRIBUTION

The annual accounting period for the Company ends on 30th June (the "**accounting reference date**"). The half-yearly accounting period ends on 31st December (the "**interim accounting reference date**"). .

Allocations and, if relevant, distributions of income, will be made on or before the end of August and February

Income earned in an interim accounting period may not all be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar. This policy is known as smoothing. The ACD reserves the right to apply this policy to the Company from time to time as appropriate.

Distribution statements and tax certificates will be sent to Shareholders. Payments will be made by bank automated credit system. Where an investor's bank details are not known or are inaccurate, a crossed cheque or warrant for the amount of the net distribution will, where applicable, be sent to the registered address and made payable to the order of the Shareholder (or, in the case of joint holders, made payable and sent to the registered address of the first named holder on the register).

Where relevant, any distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the Company. The payment into a separate account of any unclaimed distribution, interest or other sum payable by the Company on or in respect of a share shall not constitute the Company a trustee thereof.

Determination of Distributable Income

As at the end of each annual and interim accounting period, the ACD must arrange for the Depositary to transfer the income available for distribution attributable to the Company (where relevant) to the distribution account.

The, income available for distribution or accumulation is determined in accordance with the Regulations. Generally, this means all sums considered by the ACD, in each case after consultation with the Company's auditors, to be in the nature of income received or receivable for the account of and in respect of the property attributable to the Company, but after deducting net charges and expenses paid or payable out of such income in respect of the period and adding the ACD's best estimate of any relief from tax on such charges and expenses and making such adjustments as the ACD considers appropriate, after consulting the Auditors in accordance with the Regulations, in relation to taxation and other matters.

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

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

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

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

The amount of income allocated to Accumulation Shares becomes part of the capital property

and to the extent that Shares of any other class (such as income Shares) were in issue in relation to the relevant period, the interests of holders of Accumulation Shares in that amount must be satisfied by an adjustment at the end of the relevant period in the proportion of the Scheme Property to which the price of an Accumulation Share is related. This ensures that the price of an Accumulation Share remains unchanged despite the transfer of income to capital property.

In calculating the amount to be distributed, the ACD must deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income to the nearest one hundredth of a penny per Share or such lesser fraction as the ACD may determine.

22 INCOME EQUALISATION

An allocation of income (whether annual or interim) to be made in respect of each Share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("**income equalisation**") representing the ACD's best estimate of the amount of income included in the price of that Share.

The amount of income equalisation in respect of any Share may be the actual amount of income included in the issue price of the Share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the share price of Shares of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate by the number of those Shares and applying the resultant average to each of the Shares in question.

The first income allocation received by an investor after buying Shares may include an amount of income equalisation, which will be shown on the tax voucher. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is therefore a return of capital, and is not taxable, but should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

23 THE AUTHORISED CORPORATE DIRECTOR'S CHARGES

The price per Share at which Shares are bought, redeemed or switched is calculated in accordance with the Regulations. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Initial Charge

The ACD may impose a charge payable by the Shareholder on the issue of Shares (the "**initial charge**"). Where applicable, the initial charge is deducted from the investment proceeds at the outset and is calculated as a percentage of the initial investment. The current initial charge applicable to each share class available is:-

Share Class	Current Initial Charge
Net Income 'A' Shares	**Nil**
Net Accumulation Shares	**Nil**

The ACD may waive or discount any applicable initial charge at its discretion.

If at any time the current initial charge applicable to a Share class is increased, the ACD is required, under COLL 4.3, to give not less than 60 days' prior notice in writing to all Shareholders before such increase may take effect. The ACD is also required to revise the Prospectus to reflect the new current rate and the date of its commencement.

The initial charge is exclusive of VAT which shall, if applicable, be payable in addition.

Redemption Charge

The ACD currently makes no charge on a cancellation or redemption of Shares.

Switching Charge

Where more than one Share class is I issue, the ACD may apply a switching charge up to the level of the current initial charge on the share class into which the switch is being made.

Annual Charge

The ACD is entitled to an annual charge which accrues daily and is payable monthly in arrears. This charge is calculated by reference to the value of the Company at the last dealing valuation point of the prior month and is payable out of the property attributable to the Company. It is paid within seven days of the month end. The annual charge is payable by the Company from the Scheme Property and is paid to the ACD by way of remuneration for its duties and responsibilities to the Company as ACD. The charge is calculated separately in relation to each Share linked to the Company as a percentage rate per annum of the total value of the units of entitlement in the property of the Company on the relevant valuation date.

The current annual management charge in respect of each share class available is as follows:-

Share Class	Current Annual Charge
Net Income 'A' Shares	**0.04%**
Net Accumulation Shares	**0.04%**

The annual charge is exclusive of VAT which shall, if applicable, be payable in addition.

In accordance with COLL 4.3, any increase in the above rates requires not less than 60 days' prior notice in writing to the Shareholders before such increase may take effect. Also, the ACD is required to revise the Prospectus to reflect the new current rate and the date of its commencement.

The annual charge will cease to be payable on the date of commencement of the Company's winding up or, if earlier, the date of the termination of the ACD's appointment as such. The amount(s) accruing due on the last relevant valuation date before the event concerned will be adjusted accordingly.

24 THE FEES AND EXPENSES OF OTHER DIRECTORS OF THE COMPANY

The Company will adhere to as many of the governance principles that were in place for the Electric & General Investment Trust plc prior to its conversion to the Company as are practical and permitted under COLL.

As mentioned above, the Company's board of Directors shall be comprised of Independent Directors in addition to the ACD. Such Independent Directors shall receive fees for their services to the Company, such fees being payable out of the property attributable to the Company.

The Independent Director(s) as at the date of this Prospectus are:

Simon Longfellow

The Independent Directors shall retire in rotation after serving no more than three years in office and their reappointment, or the appointment of alternative or additional Directors, shall be subject to a Shareholder vote at the relevant annual general meeting of the Company and subject to FCA approval in accordance with the Regulations.

The aggregate remuneration of the Independent Directors shall not exceed £250,000 per annum. As at the date of this Prospectus the aggregate remuneration is £113,000. A daily

accrual based on such agreed sum is made and fees are payable as soon as practicable after each quarter end. The first accrual is calculated by reference to the first valuation point of the Company.

The Independent Directors will also be entitled to payment and reimbursement of all reasonable costs and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on them by the Regulations. Such costs may include travelling, hotel and other expenses properly incurred by them in connection with their attendance at and return from meetings of the Directors and other meetings in connection with the business of the Company.

25 THE FEES, CHARGES AND EXPENSES OF THE DEPOSITARY

The Depositary receives for its own account a periodic fee plus VAT which will accrue daily based on the value of the Company at the last dealing valuation point of the prior month and is payable as soon as practicable after the month end (and in any event within seven days after the month end). The fee is payable out of the property attributable to the Company.

The rate of the periodic fee is agreed between the ACD and the Depositary. The fee is currently 0.03% per annum on the first £50m of the Net Asset Value, then 0.025% per annum on the remainder of the Net Asset Value, subject to a minimum of £5,000 per annum.

These rates can be varied from time to time in accordance with COLL.

The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first valuation of the Company is made and ending on the last Business Day on which that day falls.

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid (out of the Scheme Property) transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

Item	Range
Transaction Charges	£3 to £126
Custody Charges	0.0025% to 1.08%

These charges vary from country to country depending on the markets and the type of transaction involved. Custody and transaction charges for major markets appear below:

Transaction Charges	**Range £3 to £126**
Charges for principal investment markets	UK Crest: £8
	United States: £6
	Germany: £10
	Japan: £6
Custody Charges	**Range 0.0025% to 1.08%**

Charges for principal investment markets	UK Crest: 0.0025% p.a. United States: 0.005% p.a. Germany: 0.0122% p.a. Japan: 0.015% p.a.

Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges are expressed as a percentage of the Net Asset Value of the Company and accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivatives transactions, in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of COLL.

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

Ranges of Charges

The amount or rate of any of the Depositary's fees and charges referred to above shall (unless otherwise stated) be determined by reference to the scale or tariff or other basis from time to time agreed between the ACD and the Depositary and notified to the ACD by the Depositary.

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.

On a winding up of the Company or the discontinuance of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of the commencement of the winding up 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 Depositary Agreement.

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

26 THE INVESTMENT MANAGER'S CHARGES

The Investment Manager receives for its own account a periodic fee which will accrue daily based on the value of the Company at the last dealing valuation point of the prior month and is payable as soon as practicable after the month end (and in any event within seven days after the month end). The fee is payable out of the property attributable to the Company.

The rate of the periodic fee is agreed between the ACD, the board of Directors and the Investment Manager. The current fee in respect of each Share class available is as follows:-

Share Class	Current Annual Charge*
Net Income 'A' Shares	**0.60%**
Net Accumulation Shares	**0.60%**

These rates may be varied from time to time in accordance with COLL.

Two thirds of the investment manager's periodic fee is charged to capital account. This treatment of the investment manager's charge may increase the amount of income available for distribution, but will restrain capital growth.

27 THE ADMINISTRATOR'S CHARGES

The ACD's annual charge includes a component for administration fees which will accrue daily based on the value of the Company at the last dealing valuation point of the prior month and is payable as soon as practicable after the month end (and in any event within seven days after the month end). The fee is payable out of the property attributable to the Company.

The fee is currently 0.12% per annum on the first £50m of the Net Asset Value, then 0.08% per annum on the next £50m of the Net Asset Value, then 0.04% per annum on the remainder of the Net Asset Value.

These rates can be varied from time to time in accordance with COLL.

28 OTHER PAYMENTS OUT OF THE COMPANY

The following expenses (being the actual amounts incurred together with any VAT payable thereon) may also be payable by the Company out of its assets at the discretion of the ACD:

- broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown on contract notes, confirmation notes and difference accounts as appropriate;
- any costs incurred in producing or dispatching a payment made by the Company;
- any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- any expenses incurred in relation to any secretarial duties, such as maintaining any necessary documentation;
- any costs in relation to the publication of Share prices or the Net Asset Value of the Company;
- any amount payable by the Company under any indemnity provisions;
- interest on borrowings permitted under the Instrument and this Prospectus and all charges incurred in negotiating, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements;
- taxation and other duties payable in respect of the Company, or in respect of the issue or sale of Shares;
- any costs incurred in respect of convening and holding any meetings of Shareholders, including meetings convened on a requisition by holders not including the ACD or an associate of the ACD;
- any costs in modifying the Instrument, Prospectus and key investor information document (or equivalent successor document) of the Company;
- any costs incurred in respect of any other meeting of Shareholders convened on a requisition by holders not including the ACD or an associate of the ACD in relation to a scheme of arrangement where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company in consideration of the issue of Shares in the Company to Shareholders in that body corporate or to participants in that other scheme, and any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided the ACD is of the opinion that proper provision was made

for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;

- the expenses of the Depositary in the convening a meeting of Shareholders convened by the Depositary alone;
- any audit fees of the Auditor and VAT thereon and any proper expenses of the Auditor;
- any fees and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company;
- the cost of preparing, printing and distributing literature required or necessary for the purpose of complying with the Regulations or any other law or regulation, (excluding the cost of dissemination of the key investor information document or equivalent successor document);
- the costs of printing and distributing annual, half yearly and quarterly reports and any other reports or information provided for Shareholders;
- any costs of listing the prices of the Shares in publications and information services selected by the ACD;
- the fees and any proper expenses of any professional advisers incurred by the ACD and the Depositary in relation to the establishment of the Company;
- the fees of the Registrar for providing administration services for the Company and maintaining the register;
- the fees of the FCA under Schedule 1, Part III of the Act, or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- the fees of the London Stock Exchange, or other sponsoring body, associated with the reporting obligations of the Company as a counterparty to derivatives or other investment transactions;
- any sum due by virtue of any provision of COLL such as cancellation proceeds and reasonable stock lending expenses, and
- value added tax in respect of any of the costs, expenses, fees and charges payable by the Company.

Registrar's fees

The Registrar is entitled to payment of any fees, expenses and disbursements (including the fees, expenses and disbursements resulting from the establishment and maintenance of any sub-register) for which the Company is also responsible for paying. The Registrar's fees are currently £25 per annum, per Shareholder, payable quarterly in advance. In addition, for every purchase or sale of Shares the Registrar will charge £25.

Set-up costs

Subject to COLL, the ACD and the Depositary are permitted to be reimbursed for the set-up costs incurred in relation to the authorisation and establishment of the Company.

Charges to Capital

Expenses of the Company will be charged to the Income Account except as described in section 26.

29 TAXATION

The taxation of the Company and its Shareholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following summary of the expected tax treatment in the UK

does not constitute legal or tax advice and applies only to persons holding shares as an investment. It is not a guarantee to any investor of the tax results of investing in the Company.

In particular, this summary does not take account of particular investors' individual circumstances, does not address the taxation consequences for investors who may be subject to taxation or exchange control in a jurisdiction other than the UK and does not address investors falling into particular categories (such as life insurance companies or employees of entities connected to the Company) which may be subject to special rules.

Prospective investors should consult their own professional advisers on the tax and exchange control implications of making an investment in, holding or disposing of shares and the receipt of distributions with respect to shares under the laws of the countries in which they may be liable to taxation.

This summary is based on the UK taxation law and HM Revenue & Customs' practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice may change, possibly with retrospective effect.

The Company

The UK tax regime applicable to the Company is primarily set out chapter 2 of Part 13 Corporation Tax Act 2010 and in the Authorised Investment Funds (Tax) Regulations 2006 SI 2006/964 (the "**Tax Regulations**").

The Company is exempt from UK corporation tax on chargeable gains arising on the disposal of its investments, and is not entitled to corporation tax relief on losses which are treated as capital in nature.

The Company will not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which it derives from its creditor loan relationships or its derivative contracts, to the extent that those profits, gains or losses are treated as "capital profits, gains or losses". Provided the Company prepares its accounts in accordance with UK generally accepted accounting principles, "capital profits, gains or losses" are those profits, gains or losses arising from creditor loan relationships or derivative contracts which fall to be dealt with under the heading "net capital gains/losses" in the Company's statement of total return for the accounting period in question.

The Company will be subject to corporation tax at a rate equal to the basic rate of income tax, currently 20 %, on its taxable income from investments after relief for allowable expenses.

However, the Company is not generally expected to be subject to tax on dividends and similar distributions from UK and non-UK resident companies or on dividend distributions from other authorised investment funds.

To the extent that the Company receives income from, or realises gains on investments issued in, foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions.

The Company invests principally in a portfolio of quoted international equities and it is not expected, therefore, that the market value of debt based investments will exceed 60% of the market value of the portfolio as a whole. Accordingly, the Company is not expected to be able to make the interest distributions which would be available to a bond fund nor is it expected that corporate Shareholders will be taxed on their holdings in accordance with the special rules for bond funds set out in Chapter 3, Part 6, Corporation Tax Act 2009. These tax paragraphs assume that the Company will not be a bond fund for these purposes.

There is no specific exemption from UK stamp taxes. Transfers of stock (including shares) or marketable securities will generally be subject to UK stamp duty at the rate of 0.5% of the consideration given for the transfer (rounded up to the next £5), which arises on the execution of an instrument to transfer the shares. No liability to stamp duty should generally arise if the consideration is £1,000 or less and it is certified on the instrument that the transaction effected

by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An agreement to transfer stock or marketable securities will normally give rise to a stamp duty reserve tax charge at the rate of 0.5% of the amount of consideration payable for the transfer. The Company may incur similar taxes in another jurisdiction if it carries out transactions relating to stock or marketable securities involving that jurisdiction.

The Company may become liable to stamp duty reserve tax in relation to the redemption or repurchase of Shares as mentioned at Section 16 above.

Taxation of Shareholders

Distributions

Accumulation Shares

For Shareholders holding Accumulation Shares, the UK tax treatment will be the same as if they held Income Shares, albeit that they do not receive the income represented by the distribution at the time of that distribution and that income is instead re-invested. Such Shareholders will be treated for UK tax purposes as if they had received the re-invested income.

Equalisation

A Shareholder may receive an equalisation payment at the end of the first distribution period in which it purchases shares in the Company. This is a return of capital and is not taxable. This amount should be deducted from the cost of the shares when calculating the gain for capital gains tax purposes. So much of any redemption payment as reflects equalisation will be regarded as a distribution of income and taxed accordingly.

Income Tax

The Company will pay dividend distributions (which will be automatically retained in the Company in the case of accumulation Shares) with a tax credit. Individuals liable to income tax at the basic rate will have no further liability to tax. Higher and additional rate taxpayers will have to pay an additional amount of income tax on the amount received. Certain categories of Shareholders may be able to reclaim some tax credits.

Taxation of Capital Gains

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax on gains arising from redemption, transfer or other disposal of Shares other than conversions between Classes.

Part of the increase in the price of accumulation Shares is due to the accumulation of income allocations. These amounts should be added to the acquisition cost of the Shares when calculating the gain or loss realised on disposal. A switch of Shares between different share classes will not be deemed to be a realisation for the purposes of capital gains taxation.

Corporation Tax

Since the Company should not be a bond fund, corporate Shareholders should not be taxable on gains on their Shares under the special rules contained at Chapter 3 Part 6 Corporation Tax Act 2009. Such gains, after deduction of any allowable losses and indexation relief should be taxed as chargeable gains.

Taxation of Overseas Shareholders

Shareholders who are not resident nor ordinarily resident in the UK for tax purposes (or temporarily not resident or ordinarily resident in the UK as mentioned above) and who do not carry on a trade, profession or vocation in the UK through a permanent establishment should not suffer UK tax in respect of distributions received or capital gains realised on their holdings Their overall tax position is likely to depend on the law and practice on taxation in the jurisdiction in which they are resident.

EU Savings Directive

The European Union Directive on the Taxation of Savings Income Directive 2014/107/EU (the "EU Savings Directive") provides that "paying agents" established in a member state of the EU (or certain prescribed dependent or associated territories of member states) which pay "savings income" to individuals resident in another member state (or, depending on the state in which the paying agent is established, possibly also to individuals resident in the prescribed dependent or associated territories) are obliged, depending on the state in which the paying agent is established, either to disclose details of the payment and payee to taxation authorities or to withhold tax from the payment.

Consequently, it may be necessary or desirable for the Company, the ACD or any other person or entity connected to the Company to collect certain additional information from Shareholders or to take other action connected to the EU Savings Directive to enable disclosures to be made to tax authorities or, where applicable, tax to be withheld.

Having left the European Union on 31 January 2020, as at the date of this prospectus, the United Kingdom is in a transition period which ends on 31 December 2020. During this transition period the United Kingdom remains bound by most EU Directives. Accordingly, references to EU Directives are valid until 31 December 2020. Whilst the substance of many EU Directives will remain transposed into UK law in 2021, from 1 January 2021 some aspects may change. Potential investors are therefore advised to seek professional advice.

ISAs

It is intended that Shares in the Company will satisfy the eligibility requirements to be qualifying investments for a stocks and shares ISA.

30 REPORTS AND ACCOUNTS

The annual accounting period of the Company ends on 30th June.

The annual report of the Company (the "**long report**") will be published on or before the end of August and the half-yearly long report on or before the last day of February in each year. Copies of these long reports may be inspected at, and copies obtained free of charge from the ACD at its operating address. These reports may also be inspected at the Depositary's office during normal office hours.

The ACD will issue short reports in relation to the Company both half yearly and annually. These will be distributed to Shareholders before the end of February and August each year.

31 ANNUAL GENERAL MEETING

The OEIC Regulations allow for the Company to dispense with the requirement to hold Annual General Meetings. **However, the Directors have decided that the Company will hold Annual General Meetings. Shareholders will therefore be entitled to exercise their voting rights at both Annual and Extraordinary General Meetings of the Company.**

32 VOTING

The convening and conduct of Shareholder's meetings and the voting rights of Shareholders at those meetings are governed by the Company's Instrument and COLL, which are summarised below.

Notice and Quorum

Entitlement to receive notice of a particular meeting or adjourned meeting and to vote at such a meeting is determined by reference to those persons who are holders of Shares in the Company on the date seven days before the notice is sent ("**the cut-off date**"), but excluding any persons who are known not to be holders at the date of the meeting or other relevant date. Shareholders will be given at least 14 days' prior notice of a general meeting.

The quorum for a meeting is two Shareholders present in person or by proxy. If a quorum is not present within 15 minutes of the time appointed the meeting will (if requisitioned by Shareholders) be dissolved and in any other case will be adjourned. If at such adjourned meeting a quorum is not present within 15 minutes from the appointed time, one person entitled to count in a quorum will be a quorum.

Voting Rights

At a meeting of Shareholders, on a show of hands every holder who (being an individual) is present in person or by proxy or, if a corporation, is present by a properly authorised representative, has one vote. On a poll votes may be given either personally or by proxy and the voting rights attached to a Share are such proportion of the total voting rights attached to all Shares in issue as the price of the Share bears to the aggregate price of Shares in issue on the cut-off date. A holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A vote will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Depositary or by two Shareholders present or by proxy.

An instrument appointing a proxy may be in any usual or common form or in any other form approved by the ACD. It should be in writing under the hand of the appointer or his attorney or, if the appointer is a corporation, either under the common seal, executed as a Deed or under the hand of a duly authorised officer or attorney. A person appointed to act as a proxy need not be a holder.

A corporation, being a holder, may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of holders.

Except where COLL or the Company's Instrument require 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 required by COLL will be passed by a simple majority of the votes validly cast for and against the resolution (an ordinary resolution).

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

Meetings and Modifications

The convening and conduct of meetings of Shareholders and the voting rights of Shareholders at such meetings is governed by the Regulations, as amended from time to time. The requirement for a meeting depends on the proposed change to the Company.

Changes to the Company may fall within one of the following three categories:

Fundamental events which change the purpose or nature of the Company 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. Fundamental changes require prior approval at a meeting of shareholders.

Significant events are those which would materially affect an investor's investment, affect a shareholder's ability to exercise his rights in relation to this investment, result in material increased payments out of the Company, or could reasonably be expected to cause investors to reconsider their participation in the Company. Those should be notified pre-event to the investors and in sufficient time to enable them to leave the Company, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.

Notifiable events for which the ACD would decide when and how Shareholders should be notified, depending on the type of event. In these cases notification could be after the event. This may take the form of the sending of an immediate notification to shareholders or the information being included in the next long report of the Company.

33 INVESTMENT AND BORROWING POWERS

A description of the types of property the Company may invest in and a summary of the applicable limits is set out in Appendix 1. A list of the eligible securities and derivatives markets is set out in Appendix 2.

34 TRANSFER OF SHARES

A Shareholder is entitled (subject to as mentioned below) to transfer Shares by an instrument of transfer in any usual or common form or in any other form approved by the ACD. The ACD is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holding of Shares of the class in question. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the ACD for registration. The transferor remains the holder until the name of the transferee has been entered in the register.

The Company or the ACD may require the payment of such reasonable fee as the ACD and the Company may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any Share.

35 WINDING UP OF THE COMPANY

The Company may be wound up under chapter 7.3 of COLL or as an unregistered company under Part V of the Insolvency Act 1986. Winding up of the Company is only permitted with the approval of the FCA and if a statement has been lodged with the FCA by the ACD confirming that the Company will be able to meet all its liabilities within twelve months of the date of the statement (a "**solvency statement**").

Subject to the foregoing, the Company will be wound up under COLL:

- if an extraordinary resolution of Shareholders of either the Company to that effect is passed; or
- on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company.

The winding up of the Company under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for

the expenses of winding up and the discharge of the liabilities of the Company the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders. The distribution will be made to the holders of Shares linked to the Company, in proportion to the units of entitlement in the property of the Company which their Shares represent.

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

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

36 OTHER INFORMATION

Delegation

The ACD and the Depositary, subject to exceptions specified in COLL, may retain (or arrange for the Company to retain) the services of other persons to assist them in the performance of their respective functions and, in relation to certain functions, the ACD or the Depositary (as applicable) will not be liable for the actions of the persons so appointed provided certain provisions of the COLL apply.

Conflicts of Interest

The Depositary or any associate of the Depositary, may (subject to COLL) hold money on deposit from, lend money to, or engage in stocklending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

The Depositary, the ACD, or any investment adviser or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of the COLL apply and are observed.

Subject to compliance with COLL the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested.

The ACD may, from time to time, act as authorised corporate director of other companies or funds and manager of unit trusts or other collective investment schemes. The Depositary may, from time to time, act as depositary of other companies or funds. The Investment Manager may, from time to time, act as investment manager of other companies or funds. The Administrator and Registrar may, from time to time, act as administrator and registrar of other companies or funds.

Subject to applicable laws and regulations, the Depositary, the ACD, or any investment adviser or any associate of any of them will not be liable to account to the Company or any other person, including the holders of Shares or any of them, for any profit or benefit made or derived from or in connection with:

(a) their acting as agent for the Company in the sale or purchase of property; or

(b) their part in any transaction or the supply of services permitted by the COLL; or

(c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

Liability and Indemnity

With the exception mentioned below:

- The ACD, the Depositary and the Auditors are each entitled under the Instrument of the Company to be indemnified against any loss, damage or liability incurred by them in or about the execution of their respective powers and duties in relation to the Company; and

- the ACD and the Depositary are, under the terms of their respective agreements with the Company, exempted from any liability for any loss or damage suffered by the Company.

The above provisions will not, however, apply in the case of:

- any liability which would otherwise attach to the ACD or the Auditors in respect of any negligence, default, breach of duty or breach of trust in relation to the Company;

- any liability on the part of the Depositary for any failure to exercise due care and diligence in the discharge of its functions.

37 GENERAL

The Company complies with the requirements of IPRU-INV 11.3.11 G and INPRU-INV 11.3.14 by holding and maintaining an amount of own funds.

Market Timing

The ACD does not permit the Company to be used for the purposes of 'market timing'. For this purpose market timing is defined as a trading strategy with the intention of taking advantage of short term changes in market prices. The ACD will undertake monitoring activities to ensure that market timing is not taking place in the Company.

Complaints

Any complaint should be referred to the ACD at its registered office. Complaints may be made by telephone on 01733 316143. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service, Exchange Tower, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD. A copy of the ACD's complaints handling procedure is available on request.

Order Execution Policy & Voting Strategy

A copy of the ACD's order execution policy is available upon request. The ACD delegates day-to-day investment management to the Investment Manager. The Investment Manager has discretion to execute trades on approved markets and its execution policy has been reviewed by the ACD and judged satisfactory and in compliance with regulatory requirements. The Investment Manager may exercise the Company's voting rights at its discretion.

Tax Reporting

For the purposes of the US Foreign Account Taxation Compliance Act (FATCA), the OECD Common Reporting Standard (CRS) and the UK Automatic Exchange of Information (AEOI), if the tax residence of an account holder is outside the UK and that residence is in a reportable jurisdiction, that account holder will be a "Reportable Jurisdiction Holder" and Yealand is legally bound to report certain tax information to the relevant tax authorities.

Remuneration Policy

The board of directors of the ACD is the management body for the purposes of the FCA Rules. The management body sets the remuneration policy summarised below. The board of directors of the ACD's parent company, Applerigg Limited, has formed a Remuneration Committee which reviews the remuneration policy set for the ACD and other subsidiaries. The Remuneration Committee consists of F A Scott, B L Offergelt and P Doyle none of whom have an executive

function in the ACD. The Committee ensures the ACD's remuneration policy complies with the UCITS V provisions and FCA's handbook of rules and guidance.

The ACD rewards its staff fairly and appropriately for their contribution to the growth and success of the business and the provision of a high level of service to clients. The remuneration policy is designed to be consistent with, and promote, sound and effective risk management.

The remuneration of staff is reviewed annually, taking into account individual performance and market rates for the role being undertaken. Any bonus arrangement is also reviewed annually to ensure alignment with the ACD's aims of the growth and success of the business and the provision of a high level of service to clients. There is no direct link to investment performance and bonuses do not encourage excessive risk taking.

Up-to-date details of the matters set out above are available at www.Yealand.com. A paper copy is available free of charge upon request.

Notices, Remittances or Service of Other Documents

The address for service on the Company of notices or other documents required or authorised to be served on it is Stuart House, St. John's Street, Peterborough PE1 5DD.

All documents and remittances are sent at the risk of the Shareholder.

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the register.

The Financial Services Compensation Scheme

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

Data Protection

Shareholder information will be stored and processed by computer systems so that the ACD can provide the services required. Such information may be passed on to third party service providers used by the ACD in relation to the Company.

Information about you will be retained after the closure of your account for as long as it is required for legal, regulatory, fraud prevention, business and financial crime purposes. Telephone calls made may be recorded and recordings may be used for training purposes or to meet regulatory requirements. Any data provided during the call will be used and held in accordance with the relevant data protection requirements.

A copy of Yealand's privacy policy can be found at www.Yealand.com.

To assist in confirming a potential shareholder's identity, the ACD may make searches with credit reference agencies who will supply the ACD with credit information, as well as information from other sources such as the UK electoral register. Any information provided by shareholders will only be used to enable the ACD to provide the services as set out in this Prospectus.

Documents and information available

Copies of the following documents are available for all purchasers of Shares on request, free of charge from the ACD at Stuart House, St. John's Street, Peterborough PE1 5DD:

- Latest version of the Prospectus;

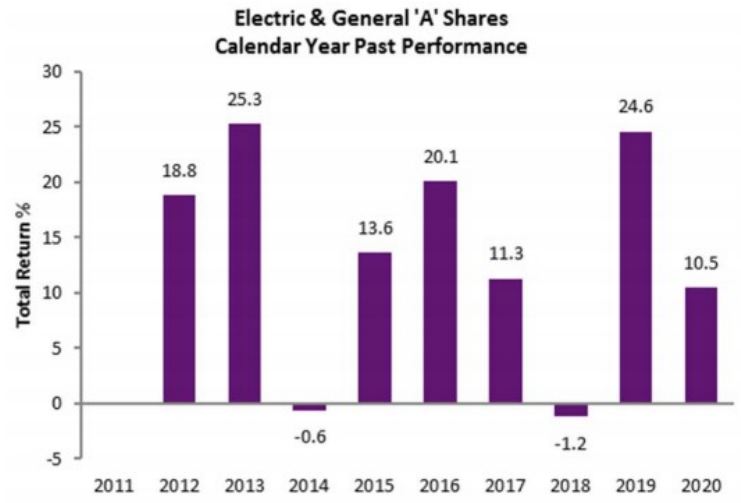
- Latest version of the Instrument;
- Latest version of the key investor information document;
- Latest annual and half-yearly long reports; and
- The ACD Agreement.

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

Shareholders may also request information supplementary to this Prospectus relating to the quantitative limits and methods applying in the risk management of the Company and any recent development of the risk and yields of the main categories of investment of the Company from the address given above.

Copies of the letters of appointment between the Company and the Independent Directors are also available for inspection on any Business Day during normal business hours at the offices of the ACD and will be available for inspection at any annual general meeting of the Company.

Historical Information



Mid-to-mid basis, net income reinvested

Source: Bloomberg

Past performance should not be seen as an indication of future performance.

Appendix 1

Investment and Borrowing Powers

The Company may exercise the full authority and powers permitted by COLL applicable to UCITS Schemes subject to its investment objective and policy, the Instrument and this Prospectus.

The ACD shall ensure that, taking into account the Company's investment objective the Scheme Property of the Company aims to provide a prudent spread of risk.

Collective Investment Schemes

Up to 10% of the property of the Company may consist of units in collective investment schemes.

Not more than 10% in value of the property of the Company may consist of units or shares of any one collective investment scheme.

The Company must not invest in units or shares of another collective investment scheme (the "Second Scheme") unless the Second Scheme satisfies the conditions referred to below and provided no more than 10% of the value of the Company is invested in Second Schemes within (b) to (e).

The Second Scheme must:

(a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(b) be recognised under the provisions of section 270 of the Act (schemes authorised in designated countries or territories); or

(c) be authorised as a non-UCITS retail scheme (as defined in COLL) (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

(d) be authorised in the UK or an EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

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

    (i) signed the IOSCO Multilateral Memorandum of Understanding; and

    (ii) approved the scheme's management company, rules and depositary/custody arrangements (provided the requirements of article 50(1)(e) of the UCITS Directive are met).

The Second Scheme must also operate on the principle of a prudent spread of risk, and must have terms which prohibit the Second Scheme from having more than 10% in value of the property of that scheme consisting of units in collective investment schemes. The participants in the Second Scheme must be entitled to have their units redeemed in accordance with the scheme at a price which relates to the net value of the property to which the units relate and which are determined in accordance with the scheme.

The Company may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the ACD or an associate of the ACD. However, if the Company invests in units in another collective investment scheme managed or operated by the ACD or by an associate of the ACD, the ACD must pay into the property of the

Company before the close of the business on the third Business Day after the agreement to invest or dispose of units:

(a) on investment – if the ACD pays more for the units issued to it than the then prevailing issue price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and

(b) on a disposal – any amount charged by the issuer on the redemption of such units.

The Company may invest in shares or units of collective investment schemes which are managed or operated by the Investment Manager or by an associate of the Investment Manager.

Transferable Securities

Up to 100% of the Scheme Property of the Company may consist of transferable securities. For the purposes of COLL a transferable security is an investment which is either a share, debenture, a government and public security, a warrant or a certificate representing certain securities.

The Company may invest in transferable securities which satisfy the following requirements:

- the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
- its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder;
- reliable valuation is available for the transferable securities as follows:
    - in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- appropriate information is available for the transferable security as follows:
    - in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- it is negotiable; and
- its risks are adequately captured by the risk management process of the ACD.

Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed not

to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying shareholder and to be negotiable.

Closed end funds constituting transferable securities

A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company provided it fulfils the criteria for transferable securities set out above, and either:

- where the closed end fund is constituted as an investment company or a unit trust:
  - it is subject to corporate governance mechanisms applied to companies; and
  - where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
- where the closed end fund is constituted under the law of contract:
  - it is subject to corporate governance mechanisms equivalent to those applied to companies; and
  - it is managed by a person who is subject to national regulation for the purpose of investor protection.

Transferable securities linked to other assets

The Company may invest in any other investment which shall be taken to be a transferable security provided the investment fulfils the criteria for transferable securities set out in COLL above, and is backed by or linked to the performance of other assets, which may differ from those in which a UCITS Scheme can invest.

Where such investments contain an embedded derivative component, the COLL rules applicable to investment in derivatives and forwards (summarised below) will apply.

Money market instruments

Up to 100% of the Scheme Property attributable to the Company may consist of money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, being an "approved money market instrument" in accordance with the rules in COLL.

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

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

(a) admitted to or dealt in on an eligible market which is a regulated market; or

(b) dealt in on an eligible market which is a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or

(c) admitted to or dealt in on a market which the ACD, after consultation with and notification to the Depositary decides that market is appropriate for the investment of, or dealing in, the Scheme Property, is listed in the Prospectus, and the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for and all reasonable steps have been taken by the ACD in deciding whether that market is eligible; or

(d) for an approved money market instrument not admitted to or deal in on an eligible market, within COLL 5.2.10AR(1); or

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

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

Money-market instruments with regulated issuer

In addition to instruments admitted to or dealt in on an eligible market, the Company may invest in an approved money-market instrument provided it fulfils the requirements in COLL governing regulated issuers of money-market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with COLL.

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

(a) issued or guaranteed by a central, regional or local authority or central bank of the UK or an EEA State, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by the UK or a public international body to which one or more EEA states belongs; or

(b) an establishment subject to prudential supervision in accordance with criteria defined by Community Law or an establishment which is subject to and complies with prudential rules governed by the FCA to be at least as stringent as those laid down by Community Law; or

(c) issued by a body, any securities of which are dealt in on an eligible market.

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

(a) the issue or issuer is itself regulated for the purpose of protecting investors and saving in accordance with COLL;

(b) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements of COLL 5.2.10BR(1)(a), (b) or (c); and

(c) the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles (as defined in COLL) which benefit from a banking liquidity line as defined in COLL).

Government and Public Securities

The Company may invest more than 35% of the Scheme Property in government and public securities issued or guaranteed by any one of the following:

the Government of the United Kingdom, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Lichtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the United States of America, or by the Asian Development Bank, Council of Europe Development Bank, Deutsche Ausgleichsbank, Eurofirma, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, International Finance Corporation, Kreditanstalt für Wiederaufbau, LCR Finance plc and Nordic Investment Bank.

Where more than 35% of the Scheme Property of the Company is invested in government and public securities issued by any one issuer, up to 30% of the Scheme Property may consist of such securities of any one issue and the scheme property must include at least six different issues whether of that issuer or another issuer.

Nil and partly paid securities

Not more than 5% in value of the Scheme Property attributable to the Company may consist of warrants.

Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening COLL.

Cash and Near Cash

The property of the Company may consist of cash or near cash to enable:

(a) the pursuit of the Company's investment objectives;

(b) the redemption of Shares; or

(c) the efficient management of the Company in accordance with its investment objectives; or

(d) any other purposes which may reasonably be regarded as ancillary to the objectives of the Company.

Cash which forms part of the property of the Company may be placed in any current or deposit account with the Depositary, the ACD or any investment adviser 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 the Company as would be the case for any comparable arrangement effected on normal commercial terms negotiated at arms length between two independent parties.

During any initial offer period the Scheme Property of the Company may consist of cash and near cash without limitation.

Derivatives - General

The Company may invest directly in derivatives for efficient portfolio management purposes (including hedging). The ACD does not anticipate that the use of derivatives will have a significant effect on the risk profile of the Company.

A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified below and the transaction is covered.

Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the general limits on spread as set out in the paragraph headed "Spread – General" below, except for index-based derivatives where the following rules apply.

Where the Company invests in an index-based derivative, provided the relevant index falls within COLL 5.6.23, the underlying constituents of the index do not have to be taken into account for the purposes of monitoring the spread requirements. The relaxation is subject to the ACD continuing to ensure that the property provides a prudent spread of risk.

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

Permitted Transactions (derivatives and forward transactions)

Derivatives transactions must either be in an approved derivative or an over the counter derivative with an approved counterparty, in accordance with COLL.

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

The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

- transferable securities;
- approved money market instruments;
- deposits;
- derivatives;
- collective investment schemes;
- financial indices which satisfy the criteria set out in COLL 5.2.20AR;
- interest rates;
- foreign exchange rates; and
- currencies.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes or derivatives provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22(1)R (Requirement to cover sales) are satisfied.

Any forward transaction must be made with an eligible institution or an approved bank in accordance with COLL.

All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by daily mark-to-market valuation of the derivative positions and an at least daily margining.

A derivative or forward transaction which will or could lead to the delivery of property for the account of Company may be entered into only if:

- that property can be held for the account of the Company; and
- the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of COLL.

Requirement to cover sales

No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment of rights, and the property and rights above are owned by the Company at the time of the agreement.

This requirement does not apply to a deposit, nor does it apply where:

- the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument which is highly liquid; or

- the ACD or the Depositary has the right to settle the derivative in cash, and cover exits within the Scheme Property which falls within one of the following asset classes;

    - cash;

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

    - other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

In the asset classes referred to above, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

Over-the-counter ("OTC") transactions in derivatives

Any transaction in an OTC derivative must be:

(a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank, or a person whose permission (as published in the FCA register), or whose home state authorisation, permits it to enter into such transactions as principal off-exchange.

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

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

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

(c) 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

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

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

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

For the purposes of paragraph (b) above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

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

Collateral required under OTC derivative transactions:

The exposure in respect of an OTC derivative may be reduced to the extent that collateral is:

- marked to market on a daily basis and exceeds the value of the amount of risk;
- exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- be fully enforceable by the Company at any time.

The ACD accepts collateral only in a form which is liquid and where negligible risk exists (e.g. government bonds of first class credit rating or cash). Accordingly, the ACD's general policy is not to apply a haircut to the valuation of its collateral unless in its opinion reason exists to do so.

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III of the Banking Consolidation Directive; and are based on legally binding agreements.

Risk Management

The ACD uses a risk management process enabling it to monitor and measure as frequently as appropriate the Company's positions and their contribution to the overall risk profile of the Company. The following details of the risk management process must be notified by the ACD to the FCA in advance of the use of the process:

(a) the methods for estimating risks in derivative and forward transactions; and

(b) the types of derivatives and forwards to be used within the Company together with their underlying risks and any relevant quantitative limits.

Cover for transaction in derivatives and forward transactions

A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the Company is or may be committed by another person, is covered globally.

Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the Company's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

Cash not yet received into the Company's Scheme Property but due to be received within one month is available as cover for these purposes.

Property which is the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

The total exposure relating to derivatives held by the Company may not exceed the net value of the Scheme Property.

Efficient Portfolio Management

The Company may invest in derivatives for efficient portfolio management purposes (including hedging). Efficient portfolio management enables the Company 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 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;

(ii) reduction of cost;

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

Deposits

The property of the Company may consist of deposits (as defined in COLL) but only if it:

(a) is with an approved bank;

(b) is repayable on demand or has the right to be withdrawn; and

(c) matures in no more than 12 months.

Spread - General

In applying any of the restrictions referred to above:

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

(b) not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body, however, the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purpose of applying the limit of 40%;

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

(d) the exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% in value of the Scheme Property, this limit being raised to 10% where the counterparty is an approved bank, however, the

exposure may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified above;

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

Not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

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

(b) deposits made with; or

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

Covered bonds

In general a covered bond is a bond that is issued by a credit institution which has its registered office in the UK or an EEA State and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised.

Significant influence

The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

(a) immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to influence significantly the conduct of business of that body corporate; or

(b) the acquisition gives the Company that power.

The Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transfer securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

Concentration

The Company:

(1) must not acquire transferable securities (other than debt securities) which:

(a) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

(b) represent more than 10% of those securities issued by that body corporate;

(2) must not acquire more than 10% of the debt securities issued by any single body;

(3) must not acquire more than 25% of the units in a collective investment scheme;

(4) must not acquire more than 10% of the approved money-market instruments issued by any single body; and

(5) need not comply with the limits in (2), (3) and (4) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

Immovable property

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

Borrowing

Subject to the Instrument and COLL (as it relates to UCITS Schemes), the Company may borrow money on terms that such borrowings are to be repaid out of the Scheme Property of the Company. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL). The borrowing of the Company must not, on any day, exceed 10% of the value of the Scheme Property.

The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

(a) the duration of any period of borrowing; and

(b) the number of occasions on which resort is had any period.

In addition the ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary. The Depositary may only give such consent on such conditions as it appears to it to be appropriate to ensure that borrowing does not cease to be on a temporary basis only.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Stock lending

The Company will not enter into repo contracts or stock lending arrangements.

Schemes replicating an index

The Company may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the aim of the investment policy of the Company is to replicate the performance or composition of an index as defined below.

The index must:

(a) have a sufficiently diversified composition;

(b) be a representative benchmark for the market to which it refers; and

(c) be published in an appropriate manner.

The 20% limit may be raised to 35% but only in respect of one body and where justified by exceptional market conditions.

Restrictions on lending of money

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

Acquiring a debenture is not lending for these purposes, nor is the placing of money on deposit or in a current account.

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

Restrictions on lending of property other than money

The Scheme Property of the Company other than money must not be lent by way of deposit or otherwise. Transactions permitted by COLL 5.4 (Stock lending) are not to be regarded as lending for these purposes. The Scheme Property must not be mortgaged.

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

An agreement providing appropriate protection to shareholders for these purposes includes one made in accordance with the 1995 International Swaps and Derivatives Association Credit Support Annex (English Law) to the International Swap as and Derivatives Association Master Agreement.

General power to accept or underwrite placings

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

This rule applies to any agreement or understanding which (a) is an underwriting or sub-underwriting agreement, or (b) contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.

The above paragraph does not apply to an option or a purchase of a transferable security which confers a right to (i) subscribe for or acquire a transferable security; or (ii) convert one transferable security into another.

The exposure of the Company to agreements and understandings (a) and (b) above must, on any day, be covered in accordance with COLL 5.3.3AR (Cover for transactions in derivatives and forward transactions), and such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any applicable limit in COLL.

Guarantees and indemnities

The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

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

The above paragraphs do not apply to:

(a) any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL; and

(b) for the Company:

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

(i) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

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

Appendix 2

Eligible Markets

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

(a) a "regulated market" as defined in COLL; or

(b) a securities market established in the UK or any EEA State which is regulated, operates regularly and is open to the public;

(c) any stock exchange on the following list:

Region	Market
Australia	Australian Securities Exchange (ASX)
Brazil	Brazilian Stock Exchange (B3)
Canada	Toronto Stock Exchange (TMX)
Channel Islands	The International Stock Exchange (TISE)
Hong Kong	The Stock Exchange of Hong Kong (HKEX)
India	National Stock Exchange of India (NSE)
Japan	Tokyo Stock Exchange
Singapore	Singapore Exchange (SGX)
South Africa	Johannesburg Stock Exchange (JSE)
South Korea	Korea Exchange (KRX)
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange (TWSE)
United States of America	NASDAQ
United States of America	New York Stock Exchange (NYSE)

Eligible Derivatives Markets

An ‘approved derivative’ is one traded or dealt in on an ‘eligible derivatives market’.

‘Eligible derivatives markets’ are:

Region	Market
United Kingdom	ICE Futures Europe
United States of America	Cboe Futures Exchange
United States of America	Cboe Options Exchange
United States of America	Chicago Board of Trade (CBOT)
United States of America	Chicago Mercantile Exchange (CME)
United States of America	ICE Futures US
United States of America	New York Mercantile Exchange (NYMEX)

Appendix 3

The ACD acts as authorised fund manager in respect of the following schemes:

ANDROMEDA GROWTH FUND	LOS PALOMAS FUND
ACORN GROWTH FUND	LOWESBY BALANCED
AETOS FUND	LOWESBY GROWTH FUND
ANDROMEDA INCOME FUND	LUNDY FUND
BEDIN 1 FUND	MARLEY INVESTMENT FUND
BENTON INVESTMENT FUND	MARTEN FUND
CAPITAL FUND	MERRIJIG FUND
YFS BALANCED RETURN FUND	MFH LONG TERM GROWTH FUND
YFS COLLIDR MULTI-ASSET FUND	NEW SHOOTS FUND
YFS GOLDEN LEAVES GLOBAL BALANCED UNIT TRUST	NINETEEN EIGHTY NINE FUND
YFS GOLDEN LEAVES INTERNATIONAL UNIT TRUST	PERCY STREET LONG TERM EQUITY FUND
YFS INTELLIGENT WEALTH FUND	PHASE INVESTMENT FUND
YFS KNOX GLOBAL BALANCED FUND	SANDALWOOD GROWTH FUND
YFS QUERCUS UNIT TRUST	SAVANNA FUND
YFS SARANAC FUND MANAGEMENT UMBRELLA	SHAKESPEARE HEAD FUND
EDENBEG FUND	SILVIS FUND
ELECTRIC & GENERAL INVESTMENT FUND	SPUD FUND
FENIX BALANCED FUND	THE ASPEN FUND
FIRST ILONA BALANCED CAPITAL FUND	THE BROADREACH FUND
FIRST ILONA BALANCED MANAGED FUND	THE EXPLORER GROWTH FUND
FIRST ILONA INCOME FUND	THE GORDON FUND
FIRST ILONA LONG TERM CAPITAL FUND	THE INDEPENDENCE TRUST
FREESIA FUND	THE KEEL BALANCED FUND
GENERATION FUND	THE WALNUT FUND
HAVENROCK FUND	THE WELLDRY FUND
LA SCALA FUND	COUNTESS FUND
JUNO FUND	THE WYKE FUND
FIESOLE GROWTH FUND	YFS HAWKSBILL EUROPEAN FUND
LORIMER TRUST	BLAINWAYS FUND