

Glossary of Definitions

For investors without experience in investment products, the process of deciding on how best to invest their wealth outside of cash investments can be a daunting process. One element which can make understanding investment products particularly difficult is the complex language that is often used.

This document aims to provide inexperienced investors with a simple explanation of some of the technical language used in our documentation, in particular, Key Investor Information Documents (KIIDs) which may be less easily understood as these are limited by regulation to two pages, therefore our ability to provide extensive explanations within the documents is restricted. Our aim is to assist investors with improving their understanding of our Funds in order to ensure they are properly informed when making decisions.

Some documents we provide, such as Prospectuses, may provide their own definitions. Where this is the case, these should be referred to in order to ensure that you understand the manner in which the terms are applied in specific cases or the extent to which they may vary to those set out below.

If you have any questions regarding this document or anything else in relation to our Funds, please contact us on 0345 850 0255. Please note that we are unable to provide financial advice. If you require financial advice, we recommend you speak to a person who is appropriately regulated and qualified.

Definitions

“Accumulation Shares” means a type of Share on which the proportion of the Income which has been received by the Fund and is attributable to investors in the Shares is accumulated within the price of a Share rather than being paid to investors. Although no Income is paid, investors holding Accumulation Shares will receive a tax voucher each time Income is accumulated. The tax voucher should be retained for tax purposes.

“ACD” or **“Authorised Corporate Director”** means Yealand Fund Services Limited.

“Actively Managed” means where a Fund’s Investment Manager uses its own research and expertise to make decisions on which Assets to buy and sell with the aim of meeting the Fund’s Investment Objective. The opposite of Active Management is Passive Management. Passive Management is where a Fund’s Investment Manager buys and sells Assets in order to replicate and track the performance of a specific index or benchmark, such as the index of the largest 100 companies of the London Stock Exchange.

“Alternative Investments” means an Investment which does not fall into one of the conventional investment categories such as Equity, Bonds, Money Market Instruments and Collective Investment Schemes. As there is no universally agreed definition of an Alternative Investment, what this includes will vary between different Portfolio Managers, however it usually includes Derivatives, Commodities, Immovable Property, Equity which is not listed on a stock exchange and unregulated Collective Investment Schemes.

“Asset” means any Investment or Cash which is held by a Fund.

“**Bonds**” means a loan to a company, government or public body, such as a local authority, that normally pays interest. Bonds may pay either a fixed or variable amount of interest over their lifetime, however some Bonds do not pay any interest. The par (face) value of a Bond is repaid to the holder upon maturity.

“**Cash**” means money, such as Pounds Sterling, US Dollars and Euro’s.

“**Capital**” means the value of Shares in a Fund.

“**COLL**” means the FCA’s Collective Investment Schemes Sourcebook. This is the set of rules that governs how a Fund has to operate, including the type of Investments which it is able to make.

“**Collective Investment Schemes**” or “**CIS**” means a vehicle in which investors pool their money in pursuit of a common Investment Objective. These may be regulated or unregulated. CIS which are unregulated may increase certain types of risk as their operation is not subject to any rules or regulation.

“**Commodities**” or “**Commodity**” means a physical raw material, such as gold, oil or corn, but may include any type of metal, energy, livestock or agricultural product.

“**Company**” means the Fund operated by Yealand to which the document relates.

“**Corporate Debt Securities**” means Bonds which are issued by companies.

“**Currency**” or “**Currencies**” means money, such as Pounds Sterling, US Dollars and Euro’s.

“**Deposits**” means Cash which is temporarily placed with a bank that may or may not pay interest and matures within 12 months but can also be repaid upon demand.

“**Derivatives**” means a product, usually issued by a bank, whose value is linked to an underlying Asset or factor, such as an index or interest rates. While derivatives may provide the holder with the same change in value as holding the underlying Asset directly, their returns may be more complex, for example, a Derivative may increase in value as the value of the underlying Asset decreases.

“**Diversified Portfolio**” means a Fund which holds a variety of Investments that typically perform differently from one another. A Diversified Portfolio will be less sensitive (have less Volatility) to events in particular markets or sectors as a result of not having Investments concentrated too heavily in any market or sector.

“**Efficient Portfolio Management**” or “**EPM**” means investment in Derivatives with the aim of reducing risk or costs for the Fund or with the aim of generating additional Capital or Income without any additional risk. A common example of the use of EPM is Hedging in order to reduce risk.

“**Eligible Investments**” means any Asset which a Fund is permitted to hold under the Regulations.

“**Equalisation**” refer to “**Group 2 Shares**”.

“**Equity**” or “**Equities**” means Shares in companies. Shares in these companies may, or may not, be listed on an investment exchange such as the London Stock Exchange.

“**Exchange Traded Fund**” or “**ETF**” means a Collective Investment Scheme which is listed and can be traded on a stock exchange.

“Emerging Markets” means countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

“Exposure” means where a Fund acquires an Investment and the Fund bears the risks and Returns of a particular Asset or Assets as a result. Exposure to an Asset may be obtained by investing in the Asset directly or by investing in the Asset indirectly through the use of products such as Collective Investment Schemes, Exchange Traded Funds and Derivatives.

“FCA Rules” means the FCA’s Collective Investment Schemes Sourcebook (refer to “COLL”) and may also include additional rules within other sections of the FCA Handbook, as the case dictates.

“Fixed Income” means a type of Bond which pays a fixed level (percentage) of interest.

“Forward Currency Transactions” means a Forward Transaction where the Asset being bought or sold is a currency.

“Forward Transactions” means a type of Derivative where the buyer agrees to either buy or sell an Asset at a fixed price at some point in the future. These may often be used for Hedging purposes.

“Fund” means the Fund operated by Yealand to which the document relates.

“Government Debt Securities” means Bonds which are issued by a national government or governmental body.

“Group 1 Shares” means Shares which were purchased prior to the most recent XD Date. Income payments made in relation to Group 1 Shares are entirely Income in nature and do not have any Income Equalisation. Refer to **“Group 2 Shares”** for further details.

“Group 2 Shares” means Shares which have been purchased after the most recent Income Allocation Date. As Group 2 Shares are those which have not been held for the entire period since the last Income Allocation Date, part of the first Income payment is the return of capital invested rather than being entirely Income in nature. The element of an Income payment which is the return of capital is known as Income Equalisation and is not treated as Income for tax purposes. Investors will receive a tax voucher for each Income payment received and this will provide details of how much of an Income payment is made up of Income Equalisation. Further details on Income Equalisation are available in a Fund’s prospectus. Group 2 Shares become Group 1 Shares on the first XD Date after which they were purchased.

“Growth” means any increase or decrease in the value of Shares in a Fund or in the value of Investments.

“Hedging” means acquiring an Asset to offset the Exposure to one or a number of other Assets, with the intention of reducing risk. This is often achieved through Investment in Derivatives. For example, where a Fund holds Investments valued in US Dollars, the Portfolio Manager may take out a currency Derivative that offsets some or all of the potential losses or gains which may otherwise be experienced as a result of changes in currency exchange rates.

“Immovable Property” means physical property which cannot be moved, including land and building for either residential or commercial purposes, e.g. houses, flats, offices, shops and industrial buildings.

“**Income**” means the distribution payments which are periodically paid to investors which hold Income Shares in a Fund, as per the Fund’s Prospectus. This also means money which a Fund has received from an Investment, such as interest from a Bond or a dividend from a Share.

“**Income Allocation Date**” means the date on which an investor must hold Shares in order to be eligible to receive an Income payment at the next Income Payment Date. Details of the Income Allocation Dates for a Fund are available in the Fund’s Prospectus. The day after the Income Allocation Date is the XD Date.

“**Income Payment Date**” means the date on which Income payments are paid to investors. Details of the Income Payment Dates for a Fund are available in the Fund’s Prospectus. Where the Income Payment Date falls on a non-business day, payment will be made on the business day prior to the Income Payment Date.

“**Income Shares**” means a type of Share on which the investor receives regular payments which are a proportion of the Income which has been received by the Fund. Investors holding Income Shares will receive a tax voucher each time an Income payment is made which they should retain for tax purposes.

“**Investment**” means any Asset which a Fund holds in pursuit of its Investment Objective or the purchasing of those Assets.

“**Investment Objective**” means the objective which a Fund aims to achieve.

“**Investment Manager**” means the entity or entities which have been appointed to manage the Fund’s Investments. Details of the Investment Manager(s) for a Fund are available in the Fund’s Prospectus.

“**Investment Policy**” means the types of Assets which the Portfolio Manager will invest a Fund’s money in and the Investment Strategy they will employ in order to aim to achieve the Fund’s Investment Objective.

“**Investment Strategy**” means the specific strategy which the Portfolio Manager will employ in the management of the Fund’s money. This may for example be that they invest in a flexible and changeable manner to react to changes in market conditions or that they will only invest in companies which they believe are significantly undervalued.

“**Investment Trust**” means a company which is listed on a stock exchange and operates like a Collective Investment Scheme.

“**Leverage**” means where a Fund increases its Exposure to Assets, usually through borrowing Cash or by purchasing Derivatives. Leverage may create an opportunity for enhanced Returns but will also increase the level of risk.

“**Liquidity**” means the degree to which an Investment can be quickly bought or sold on a market without affecting its price.

“**Manager**” means Yealand Fund Services Limited.

“**Money Market Instruments**” means Investments, usually issued by banks or governments, which are short term (less than 398 days) loans. These are effectively a short term Bond.

“**Near Cash**” means a Deposit with a bank that is repayable immediately or can be repaid with a penalty of no greater than seven days interest. This also means Cash placed with a government or

public body, such as a local authority, which is repayable immediately or, in certain circumstances, mature at a fixed date in the future.

“Permitted Investments” means any Asset which a Fund is permitted to hold under the Regulations.

“Permitted Securities” means any Asset which a Fund is permitted to hold under the Regulations.

“Portfolio Manager” means the entity or entities which have been appointed to manage a Fund’s Investments. Details of the Portfolio Manager(s) for a Fund are available in the Fund’s Prospectus.

“Regulations” means the FCA’s Collective Investment Schemes Sourcebook (refer to “COLL”) and may also include additional rules within other sections of the FCA Handbook, as the case dictates.

“Reinvestment” means where an investor holding Income Shares has chosen to use their Income payments to fund the purchase of additional Shares rather than receive these payments. The reinvestment of Income occurs at the first valuation point following the Income Payment Date. Investors electing to reinvest their Income will receive a tax voucher, which should be retained for tax purposes, as well as a contract note which confirms the number of new Shares purchased.

“Restrictions” means the restrictions which are imposed by COLL on the types of Investment which a Fund is able to make and any limits which apply to those Investments, for example, a Fund may only invest up to a certain maximum percentage in any one Equity.

“Return” means the money made or lost through the holding of Shares in a Fund or in an Investment.

“Risk Premia” means a type of Investment Strategy which an Investment Manager may use. This is often an alternative approach to simply seeking returns from market risk from traditional assets such as equities and bonds and instead investing with the aim of achieving returns from more specific risks. This is often used to diversify a portfolio and to seek to obtain returns which are not as strongly correlated to market returns. Examples include creating opportunities for returns where there particular momentum in a security or where the value of assets differs from long-term fair-value.

“Risk Profile” means the level of risk which a Fund is expected to demonstrate given the Assets in which it invests and the Investment Strategy applied.

“Rules” means the FCA’s Collective Investment Schemes Sourcebook (refer to “COLL”) and may also include additional rules within other sections of the FCA Handbook, as the case dictates.

“Scheme” means the Fund operated by Yealand to which the document relates.

“Securities” mean Investments which are held by a Fund.

“Share Class” means the particular type of Shares of the Fund in question. Information on the type of Share Classes offered for each Fund and the differences between these is available in the Fund’s Prospectus.

“Shares” means Shares of any Share Class in a Fund and also means a Share of a company in which a Fund may invest (refer to “Equity”). A Share represents an equal portion of part ownership of a Fund or company.

“**Structured Products**” means a product, usually issued by a bank, which usually offer a fixed-term pre-defined Return linked to the performance of a single or range of Assets or indices. This is similar to a Derivative.

“**Total Returns**” means the combined investment returns an investor in a Fund receives through any changes in the value of Capital and through any Income received.

“**Transferable Securities**” means any type of Asset which meets the specific definition within COLL. Generally speaking, this definition applies to any type of Investment which is freely transferrable from one person to another in a negotiable manner. This includes but is not limited to Equities, Bonds, Warrants, Structured Products, Investment Trusts and certain Exchange Traded Funds. It does not include Money Market Instruments, Collective Investment Schemes, Derivatives, certain Exchange Traded Funds or Cash.

“**Trust**” means the Fund operated by Yealand to which the document relates.

“**Underwriting Activities**” means where a commitment is given to buy a newly issued Asset on a given date and at a given price if these are not purchased by other investors.

“**Unit Class**” means the particular type of Units of the Fund in question. Information on the type of Unit Classes offered for each Fund and the differences between these is available from each Fund’s Prospectus.

“**Units**” means Units of any Unit Class in a Fund. A Unit represents an equal portion of part ownership of a Fund.

“**Volatility**” is a measure of the size of short term changes in the value of an Investment.

“**Warrants**” means an Investment which gives the holder the right, but not the obligation, to buy an Asset, usually an Equity, at a fixed price before the Warrant’s expiry date.

“**XD Date**” means the date immediately following the Income Allocation Date. As Income which is due to be paid to investors at the next Income Payment Date is removed from the price of Income Shares on the XD Date, the price of Income Shares on the XD Date will, assuming the price is not also affected by any movement in the value of the Fund’s Assets or any fees, reduce by an amount equal to the Income which is due to be paid. No such change occurs in respect of Accumulation Shares as the Income is retained within the price of the Share and not paid to Investors.

“**Yield**” means the Income from an Investment, usually stated as a percentage of the value of the Investment.