

YFS VERMEER PARTNERS PORTFOLIO FUNDS

**OPEN ENDED INVESTMENT COMPANY**

PROSPECTUS

valid as at 16 October 2023

## CONTENTS

1	THE COMPANY	5
2	COMPANY STRUCTURE	5
3	SHARES	6
4	MANAGEMENT AND ADMINISTRATION	6
5	THE DEPOSITARY	7
6	THE PORTFOLIO MANAGER	9
7	ADMINISTRATOR AND REGISTRAR	9
8	THE AUDITOR	9
9	REGISTER OF SHAREHOLDERS	9
10	CONFLICTS OF INTEREST	10
11	BUYING, SELLING AND SWITCHING SHARES	10
12	BUYING SHARES	11
13	SELLING SHARES	12
14	SWITCHING	12
15	RESTRICTIONS AND COMPULSORY TRANSFER OR REDEMPTION OF SHARES	13
16	DEALING CHARGES	14
17	OTHER DEALING INFORMATION	14
18	MONEY LAUNDERING	16
19	RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION	16
20	SUSPENSION OF DEALINGS IN THE COMPANY	16
21	GOVERNING LAW	17
22	VALUATION OF THE COMPANY'S ASSETS	18
23	CALCULATION OF THE NET ASSET VALUE	18
24	PRICE PER SHARE IN EACH CLASS	20
25	PRICING BASIS	20
26	PUBLICATION OF PRICES	20
27	RISK FACTORS	20
28	FEES AND EXPENSES	24
29	CHARGES PAYABLE TO THE ACD	25
30	DEPOSITARY'S FEES CHARGES AND EXPENSES	26
31	SHAREHOLDER MEETINGS AND VOTING RIGHTS	27
32	TAXATION	29
33	INCOME EQUALISATION	32
34	WINDING UP OF THE COMPANY OR A FUND	32
35	GENERAL INFORMATION	35
	APPENDIX 1 - INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE COMPANY	39
	APPENDIX 2 - INVESTMENT POWERS AND RESTRICTIONS	51
	APPENDIX 3 - LIST OF ELIGIBLE SECURITIES MARKETS	57
	APPENDIX 4 - LIST OF DIRECTORS OF THE ACD	58
	APPENDIX 5 – LIST OF FUNDS	59
	APPENDIX 6 – PAST PERFORMANCE	61

PROSPECTUS  
OF  
YFS VERMEER PARTNERS PORTFOLIO FUNDS

This document constitutes the Prospectus for YFS Vermeer Partners Portfolio Funds (the “**Company**”) and the current sub-funds of the Company (the “**Funds**”). The Company is an open-ended investment company with variable capital incorporated in the United Kingdom with registered number IC168891 and authorised by the Financial Conduct Authority with effect from 07 September 2023. This document has been prepared in accordance with the Open-Ended Investment Companies Regulations 2001 and the FCA Rules (together the “**Regulations**”).

The Prospectus is dated and is valid as at 16 October 2023.

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

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

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 The Company is not bound by any out of date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus.

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

## DEFINITIONS

“ACD”	means Yealand Fund Services Limited, the Authorised Corporate Director of the Company;
“ACD Agreement”	means an agreement entered into by the Company and the ACD;
“Accumulation Share”	means Shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the Regulations;
“Administrator”	means Yealand Fund Services Limited;
“Approved Bank”	means an approved bank or other credit institution considered to be sufficiently supervised and regulated;
“Approved Derivative”	means an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Business Day”	means any day on which banks in the United Kingdom are open for normal banking business (excluding weekends and public holidays);
“COLL”	means the Collective Investment Schemes Sourcebook published by the FCA;
“Company”	means YFS Vermeer Partners Portfolio Funds;
“Custodian”	means RBC Investor Services Trust;
“Dealing Day”	means Monday to Friday or, if any such day is not a Business Day, the next Business Day;
“Depository”	means NatWest Trustee & Depository Services Limited, the depository of the Company;
“Depository Agreement”	means an agreement entered into by the Company and the Depository;
“Efficient Portfolio Management”	means the use of derivative transactions (which the ACD reasonably believes to be economically appropriate and to be fully covered) to reduce risk and cost to the Company and to generate additional capital or income with no, or with an acceptably low level of risk;
“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”	means the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN;
“FCA Rules”	means the Rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook of Rules made under the Financial Services and Markets Act 2000;
“Funds”	means a sub-fund of the Company;
“HMRC”	means HM Revenue and Customs;
“Income Share”	means Shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the Regulations;
“Net Asset Value” or “NAV”	means the value of the Scheme Property of the Company (or where the context requires, any part of the Scheme Property as is attributable to a particular Fund) less the liabilities of the Company (or such liabilities as are attributable to that Fund as the case may be) as calculated in accordance with paragraph 22 and the Company’s instrument of incorporation;
“New Shares”	means as defined in paragraph 14.2;
“OEIC Regulations”	means the Open-Ended Investment Companies Regulations 2001 “Old Shares” as defined in paragraph 14.2;
“Portfolio Manager”	means Vermeer Investment Management Limited t/a Vermeer Partners;
“PRN”	means the product reference number allocated by the FCA to the Company and each Fund;
“Regulations”	means the OEIC Regulations and the FCA Rules;
“Scheme Property”	means the property of the Company and each Fund to be given to the Depositary for safe-keeping, as required by the Regulations;
“Share” or “Shares”	means a Share or Shares in the Company, as the case may be;
“Share Class”	means a particular class of Shares as described in paragraph 3;
“Shareholder”	means a holder of Shares;

“Smaller Denomination Share”	means a smaller denomination Share (on the basis that one thousand smaller denomination Shares make one larger denomination Share);
“SDRT”	means Stamp Duty Reserve Tax;
“TFEU”	means the Treaty on the Functioning of the European Union;
“Valuation Point”	means the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the scheme property for the purpose of determining the price at which shares of a class may be issued, cancelled, sold, redeemed or exchanged, which is currently set at 12:00pm on every business day.

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.

## 1 **The Company**

- 1.1 The YFS Vermeer Partners Portfolio Funds is an open-ended investment company with variable capital (ICVC), incorporated in England and Wales under registered number IC168891 and authorised by the FCA with effect from 07 September 2023.
- 1.2 The head office of the Company is at Stuart House, St. John's Street, Peterborough PE1 5DD and is also the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.
- 1.3 The base currency of the Company is pounds Sterling.
- 1.4 The maximum Share capital of the Company is currently £100,000,000,000 and the minimum is £10,000. Shares in the Company have no par value and therefore the Share capital of the Company at all times equals the Company's current net asset value.
- 1.5 Shareholders in the Company are not liable for the debts of the Company.
- 1.6 The Company is a UCITS retail scheme. On the establishment of a new Fund or a new Share Class, an updated Prospectus will be prepared setting out the relevant information concerning the new Share Class and/or Fund.
- 1.7 The Company's PRN is 1002471. The PRNs of the Funds are:

YFS Vermeer Partners Growth Portfolio Fund	1002472
YFS Vermeer Partners Portfolio Fund	1002473
YFS Vermeer Partners Income Portfolio Fund	1002474
YFS Vermeer Partners Conservative Portfolio Fund	1002475

## 2 **Company Structure**

- 2.1 The Company is structured as an umbrella company, which means that the Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose.
- 2.2 However, while the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.
- 2.3 If each Fund were itself an investment company with variable capital in respect of which an authorisation order was in force, it would be a UCITS retail scheme.
- 2.4 The assets of the Company will be invested in accordance with the investment objective and policy. Any significant change in the investment objectives or policies of a Fund may normally be made only with the approval of the FCA and

the approval of the Shareholders of the Company or, as the case may be, the relevant Fund by extraordinary resolution passed at a duly convened meeting.

- 2.5 Details of the investment objective and policy are set out in Appendix 1.
- 2.6 Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to it and charges will be allocated between Share Classes and Funds in accordance with the terms of issue of the relevant Shares of each Class and Fund.
- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to Shareholders as a whole but they will normally be allocated to all Funds pro rata to the value of the net assets of the relevant Funds.

### 3 **Shares**

- 3.1 Both Income Shares and Accumulation Shares in the Company may be made available (always depending on the Fund) and the Company may issue different classes of such Shares in each Fund. The ACD may, from time to time, with the approval of the FCA, decide to create further Funds. The Share Classes presently available are set out in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide.
- 3.2 The minimum initial investment for each Share Class is as defined under Appendix 1. This limit may be waived at the discretion of the ACD.
- 3.3 Where different Share Classes are available, each Share Class may attract different charges and expenses and so monies may be deducted from Share Classes in unequal proportions. In these circumstances the proportionate interests of the Share Classes will be adjusted accordingly.
- 3.4 When available, Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Share Class for Shares in another Share Class. Details of this switching facility and the restrictions are set out in paragraph 14.

### 4 **Management and Administration**

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

- 4.2 The Authorised Corporate Director of the Company is Yealand Fund Services Limited which is a private company limited by Shares incorporated in England and Wales. The ACD was incorporated on 3 June 2009. The ultimate holding company of the ACD is Applerigg Limited, which is incorporated in England and Wales.

#### 4.3 Registered Office and Head Office:

Stuart House, St. John's Street, Peterborough PE1 5DD

Issued and paid up share capital: 120,000 Ord Shares of £1.00

- 4.4 The ACD is responsible for managing and administering the Company's affairs in



compliance with the Regulations. The ACD also acts as Authorised Fund Manager to additional funds and the latest schedule of these is found in Appendix 5.

4.5 **Terms of Appointment**

4.6 The ACD was appointed by the ACD Agreement dated 16 October 2023. The ACD Agreement provides that the appointment of the ACD may be terminated on the expiry of not less than six months' written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

4.7 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations. Copies of the ACD Agreement are available to Shareholders on request.

4.8 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed. From time to time the ACD may hold Shares in the Company as principal. However, such Shares are held by the ACD to facilitate the Efficient Portfolio Management of the Company and the ACD does not actively seek to make profit from holding shares as principal. The fees to which the ACD is entitled are set out in paragraph 29.

4.9 The sole business activities of the ACD is acting as an authorised corporate director fund manager.

4.10 The Directors of the ACD are listed in Appendix 4.

5 **The Depositary**

5.1 The Company's depositary is NatWest Trustee & Depositary Services Limited. The Depositary is incorporated in England and Wales as a limited liability company. Its registered and head office is at 250 Bishopsgate, London, EC2M 4AA. The ultimate holding company of the Depositary is the NatWest Group Plc, which is incorporated in Scotland.

5.2 The principal business activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised to carry on regulated activity in the UK by virtue of being authorised and regulated by the Financial Conduct Authority.

5.3 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.

- 5.4 The Depositary was appointed pursuant to the Depositary Agreement between the ACD, the Company and the Depositary.
- 5.4.1 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.
- 5.4.2 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.
- 5.4.3 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.
- 5.5 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.
- 5.6 Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to shareholders on request.
- 5.7 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.
- 5.8 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 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.

5.9 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.

## 6 **The Portfolio Manager**

Vermeer Investment Management Limited t/a Vermeer Partners was appointed by an agreement dated 17 May 2023 between the ACD and Vermeer Investment Management Limited t/a Vermeer Partners (the "Portfolio Management Agreement").

The Portfolio Management Agreement may be terminated on three month's written notice by the Portfolio Manager or the ACD. The ACD may also terminate the agreement immediately when this is in the interests of Shareholders.

The fees of the Portfolio Manager and its reasonable disbursements will be borne by the ACD out of its annual management charge.

Shareholders may from time to time receive reports directly from the Portfolio Manager or its advisers.

The registered and head office of Vermeer Investment Management Limited t/a Vermeer Partners is 130 Jermyn Street, London, England SW1Y 4UR.

Vermeer Investment Management Limited t/a Vermeer Partners is permitted to carry on investment business in the UK by virtue of being authorised and regulated by the FCA.

## 7 **Administrator and Registrar**

The ACD act as Administrator and registrar.

## 8 **The Auditor**

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

## 9 **Register of Shareholders**

The Register of Shareholders is maintained by the Administrator at its office at Stuart House, St John's Street Peterborough PE1 5DD and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

10

## **Conflicts of Interest**

The ACD, the Depositary and the Portfolio Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

The Portfolio Manager may provide investment services to other clients in addition to the Company.

The Administrator may, from time to time, provide administration services to other open-ended investment companies and unit trusts.

The Depositary may act as depositary of other collective investment schemes and as trustee or custodian of other collective investment schemes.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular 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.

Each of the parties will, to the extent of their ability, ensure that the performance of their respective duties will not be impaired by any such involvement.

11

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

The initial offer period for the YFS Vermeer Partners Portfolio Fund and YFS Vermeer Partners Growth Portfolio Fund will commence on 18 October 2023 and end at close of business on 19 October 2023.

The initial price of a share is £1.

The ACD will create shares on demand during the initial offer period with such shares issued within five days of the subscription date. The Portfolio Manager will have the right to invest the proceeds received from the purchase of shares at its discretion.

The period of an initial offer will come to an end if the ACD believes that the price that would reflect the current value of the scheme property would vary by more than 2% from the initial price.

11.1

The dealing desk of the ACD is open from 9.00 a.m. until 5.00 p.m. on each Dealing Day to receive requests for the issue, redemption and switching of Shares, which will be effected at prices determined at the next Valuation Point following receipt of such request.

11.2 Repeatedly purchasing and selling shares in a Fund in response to short-term market fluctuations - known as “market timing” - can disrupt the ACD’s investment strategy and increase the Fund’s expenses to the prejudice of all Shareholders. None of the Funds are intended for market timing or excessive trading. To deter these activities, the ACD may refuse to accept an application for Shares from persons that they reasonably believe are engaged in market timing or are otherwise excessive or potentially disruptive in the Fund. The ACD also reserves the right to redeem Shares which they reasonably believe have been purchased by Shareholders engaged in “market timing”.

## 12 **Buying Shares**

12.1 Shares of each class in the Company have no par value and, within each class in each Fund, subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of the liquidation of, the Company or termination of the relevant Fund. Shares in the Company do not carry preferential or pre-emptive rights to acquire further Shares.

12.2 The net proceeds from subscriptions will be invested in the specific pool of assets constituting the relevant Fund. The Company will maintain for each Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund. Shareholders are not liable for the debts of the Company nor are they liable to make any further payment after they have paid the price of the Shares.

12.3 Shares in the Funds can be bought by giving telephone instructions to the ACD’s dealing desk on 0345 6029548. The dealing desk is manned daily between 9.00 a.m. and 5.00 p.m. on Business Days. Alternatively, Shares can be bought by writing to the ACD at Stuart House, St John’s Street, Peterborough PE1 5DD. Shares will be allotted at the relevant price calculated at the Valuation Point on the Dealing Day next following the receipt of a valid application.

12.4 Applications made by telephone or in writing must include the following information:

- the amount of cash to be invested or the number of Shares applied for;
- the name of the applicant and the name and address to which the contract note is to be sent; and
- (in the case of written applications) a cheque for the amount to be invested.

12.5 A contract note will be issued no later than the next Business Day after the day on which relevant prices have been established, confirming the amount invested and the number of Shares acquired. Applications will be dealt with in accordance with the valuation and pricing policies referred to above. Payment in full is due at the time the application is made. Share certificates will not be issued.

12.6 The minimum purchase and subsequent purchase of Shares are as defined under Appendix 1 (or such lesser sum as the ACD may determine in any particular case).

12.7 The ACD reserves the right to reject any application in whole or in part. The ACD may do this if the ACD has reasonable grounds, relating to the circumstances of the

person concerned, for refusing to issue Shares or if the number of Shares sought to be issued is less than the minimum referred to above. A purchase of Shares in writing and/or by telephone is a legally binding contract. The ACD may arrange for the Funds to issue Shares in exchange for assets other than money, but will only do so where the Depositary is satisfied that the Company's acquiring those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders. The ACD will not issue Shares in the Funds in exchange for assets the holding of which would be inconsistent with the investment objective of the relevant Fund.

### 13 **Selling Shares**

13.1 Shares in the Company can be sold either by telephone or in writing to the ACD, whose contact details appear in paragraph 12.3. Electronic instructions shall not be permitted. Such redemption requests will be dealt with at the relevant price calculated at the Valuation Point on the Dealing Day following receipt of a valid redemption instruction. The ACD must be sent a written confirmation authorising the sale and/or such completed form of transfer or form of renunciation of Shares as the ACD reasonably requires. Redemption requests will be dealt with in accordance with the valuation and pricing policies referred to above. A cheque or bank transfer will be sent for the value of such realised Shares by close of business on the third Business Day after (i) the next Valuation Point, or (ii) receipt of the required documents (whichever is the later).

13.2 The minimum value of Shares which can be sold back to the ACD is as defined under Appendix 1 (unless the ACD agrees otherwise in any particular case). Shareholders may sell part of a holding, but the remaining holding must not fall as defined under Appendix 1.

13.3 There are special rules (specifically in relation to Dilution Levies (paragraph 17.1) and SDRT (paragraph 32.1.4)) which, at the discretion of the ACD, may apply to a sale of Shares representing 5% or more of the total value of the Company.

13.4 If a Shareholder requests the redemption or cancellation of shares the ACD in its absolute discretion via the Administrator may arrange that in lieu of payment of the price for the Shares in cash the Company shall cancel the Shares and transfer property of the Company to him. The ACD via the Administrator will give written notice to the Shareholder before the proceeds of the cancellation would otherwise become payable in cash, that in lieu of such payment the Company will transfer property of the Company to the Shareholder.

### 14 **Switching**

14.1 The instrument of incorporation of the Company allows for the issue of both Accumulation Shares and Income Shares, and at present both Income and Accumulation Shares are available for investment.

14.2 Where more than one Share Class or Fund is available for investment, a Shareholder may at any time switch all or some of his Shares of one Share Class and/or Fund ("**Old Shares**") for Shares of another Share Class and/or Fund ("**New Shares**"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the Valuation Point applicable

at the time the Old Shares are repurchased and the New Shares are issued.

- 14.3 Switching may be effected either by telephone or in writing to the ACD, whose contact details appear in paragraph 12.3. The Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD.
- 14.4 The ACD may at its discretion charge a fee on the switching of Shares. These fees are set out in paragraph 16.3 below.
- 14.5 If the switch would result in the Shareholder having a holding of Old Shares or New Shares worth less than minimum holding defined under Appendix 1, the ACD may, if it thinks fit, convert the whole of the Shareholder's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. Switches will be dealt with at the prices at the particular Valuation Point relevant on that Dealing Day, or at such other date as may be approved by the ACD.
- 14.6 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the Regulations.
- 14.7 A switch of Shares in one Fund for shares in another Fund will be treated as redemption of shares and a simultaneous purchase of Shares in the other Fund and will, for converting Shareholders subject to UK taxation, be a realisation for the purposes of capital gains tax.
- 14.8 Under current UK tax law, a switch of Shares between Income Shares and Accumulation Shares (and vice versa) in the same Fund should not generally be treated as a disposal for the purposes of capital gains taxation.
- 14.9 A Shareholder who switches Shares in one Share Class or Fund for Shares in any other Share Class or Fund is not entitled to withdraw from or cancel the transaction. Shares cannot be converted from one Fund to another during a period when dealings in Shares of the relevant Fund or Funds are suspended by the Fund or the Company pursuant to the Regulations and the right of a Shareholder to convert during a period of suspension is similarly suspended.
- 15 **Restrictions and Compulsory Transfer or Redemption of Shares**
- 15.1 The ACD may impose the restrictions it thinks necessary to ensure that no Shares in the Company are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. The ACD may reject any application for, or sale of, Shares or any switch notice given.
- 15.2 If the ACD reasonably believes that any Shares are owned directly or beneficially in circumstances which:
- 15.2.1 constitute a breach of the law or governmental regulation (or any interpretation of

a law or regulation by a competent authority) of any country or territory; or

- 15.2.2 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 consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

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.

## 16 **Dealing Charges**

### 16.1 **Initial Charge**

The ACD may impose a charge on the sale of Shares to investors. The initial charge is payable to the ACD. Full details of the current initial charge are set out in Appendix 1.

### 16.2 **Redemption Charge**

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

- 16.2.2 The ACD may not introduce a redemption charge on Shares except in accordance with the FCA Rules and after it has given notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.

- 16.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### 16.3 **Switching Fee**

The instrument of incorporation allows the Company to impose a switching fee upon the switching of Shares of one Share Class or Fund for Shares of another Share Class or Fund. The fee will not exceed an amount equal to the then prevailing initial charge for the Share Class or Fund into which Shares are being switched. The switching fee is payable to the ACD. Currently it is not intended that any such switching fee be applied by the ACD.

## 17 **Other Dealing Information**

### 17.1 **Dilution Levy**

The basis on which each Funds' investments are valued for the purpose of calculating the dealing price of Shares as stipulated in the Regulations and the



Company's instrument of incorporation is summarised in paragraph 23. The actual cost of purchasing or selling assets and investments for the Funds' portfolios may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) these costs may have an adverse effect on the value of the relevant Fund. This is known as "dilution". To mitigate the effects of dilution, the ACD has discretion to charge a "dilution levy" on the purchase or redemption of Shares in the Fund. A dilution levy is a separate charge of such amount or rate determined by the ACD.

17.1.1 If charged, the dilution levy will be calculated by reference to the estimated costs of dealing in the underlying investments of the Fund, including any dealing spreads, commission and transfer taxes. The dilution levy will be paid into the Fund and will become part of the property of the Fund.

17.1.2 The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution levy may be charged in the following circumstances:

17.1.2.1 where over a dealing period the Fund has experienced a large level of net sales or redemptions relative to its size;

17.1.2.2 on "large deals". For these purposes, a large deal means a deal worth 5% or more of the value of the Fund;

17.1.2.3 where the number of shares in issue in the Fund is in continual decline or increase;

17.1.2.4 where the Fund incurs dilution levy on the acquisition or disposal of shares or units in funds in which it invests; or

17.1.2.5 in any other case where the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution levy.

17.1.3 On the occasions when a dilution levy is not applied there may be an adverse impact on the total assets of the Fund.

17.1.4 As dilution is directly related to the inflows and outflows of monies from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the ACD will need to make such a dilution levy.

17.1.5 Although the ACD reserves the right to charge a dilution levy, based on experience of other funds for which the ACD acts, it is not expected that a dilution levy will need to be applied in the future. In the unlikely event that it needs to be charged, the ACD estimates it would not exceed 0.6%.

17.2           **Liquidity Management and In Specie Redemption**

The ACD employs a liquidity management system which enables it to analyse and monitor the liquidity risk of the Funds in order to ensure that the Company can meet its redemption obligations. Regular stress tests are conducted. The ACD intends to settle redemption requests by cheque or bank transfer. However, if a Shareholder requests the redemption of Shares, the ACD in its absolute discretion, via the Depositary, may arrange that in lieu of payment of the price for the Shares in cash the Fund shall cancel the Shares and transfer property of the Fund to him. The ACD, via the Depositary, will give written notice to the Shareholder before the proceeds of the cancellation would otherwise become payable in cash, that in lieu of such payment the Fund will transfer property of the Fund to the Shareholder.

17.2.1        The ACD will select the Scheme Property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation or redemption than to the continuing Shareholders.

17.2.2        In certain circumstances the ACD may, at its discretion, and subject to the FCA Rules, accept securities in settlement of a purchase of Shares.

17.3           **Direct Issue or Cancellation of units by an ICVC through the ACD**

This is not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of Shares of each class concerned.

18            **Money Laundering**

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

19            **Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching 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; or
- (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 consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

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.

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

20.1 The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in a Fund or in the Company as a whole, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders. The ACD shall immediately notify the FCA of the suspension of any dealings in the Company, explaining the reason for such action.

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

20.3 The ACD will notify the Shareholders and the FCA in writing as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

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

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

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

20.7 The ACD may agree during the suspension to deal in units 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 the restart of dealings in Shares.

## 21 **Governing Law**

All deals in Shares are governed by English law.

- 22                   **Valuation of the Company's Assets**
- 22.1               Valuations of the Scheme Property of the Company and each Fund are set out below.
- 22.2               The price of a Share is calculated by reference to the Net Asset Value of the Company and each Fund. The Net Asset Value per Share of the Company and each Fund is currently calculated at each Valuation Point.
- 22.3               The ACD may at any time during a Business Day carry out an additional valuation if the ACD considers it desirable to do so.
- 23                   **Calculation of the Net Asset Value**
- 23.1               The ACD, as Administrator, calculates the value of the Scheme Property of the Company or Fund (as the case may be) which shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 23.2               All the Scheme Property (including receivables) of the Company and each Fund is to be included, subject to the following provisions.
- 23.3               Scheme Property which is not cash (or other assets dealt with in paragraph 23.4) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- 23.3.1             units or shares in a collective investment scheme:
- 23.3.1.1           if a single price for buying and selling units is quoted, at the most recent such price; or
- 23.3.1.2           if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- 23.3.1.3           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, or the most recent price available does not reflect the ACD's best estimate of the value of the units or shares at a value which in the opinion of the ACD is fair and reasonable;
- 23.3.2             any other transferable security:
- 23.3.2.1           if a single price for buying and selling the security is quoted, at that price; or
- 23.3.2.2           if separate buying and selling prices are quoted, the average of those two prices; or
- 23.3.2.3           if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the

opinion of the ACD is fair and reasonable;

- 23.3.3 property other than that described in 23.3.1 and 23.3.2 above at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 23.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 23.5 Property which is a contingent liability transaction shall be treated as follows:
  - 23.5.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.
  - 23.5.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 23.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - 23.5.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 23.6 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 23.7 Subject to paragraphs 23.8 and 23.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 23.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 23.7.
- 23.9 All agreements are to be included under paragraph 23.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 23.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, advance corporation tax, value added tax, stamp duty and SDRT will be deducted.
- 23.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 23.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.

- 23.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 23.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 23.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 23.16 Currencies or values in currencies other than base currency or (as the case may be) the designated 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.

24 **Price per Share in each Class**

The price per Share at which Shares are sold is the sum of the Net Asset Value of a Share and any initial charge. The price per Share at which Shares are redeemed is the Net Asset Value per Share less any applicable redemption charge. There must only be a single price for any Share as determined from time to time by reference to a particular Valuation Point. In addition, there may, for both purchases and sales, be a dilution levy, as described in paragraph 17 above.

25 **Pricing basis**

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

26 **Publication of Prices**

The most recent price of Shares will appear on the website of the Administrator: [www.yealand.com](http://www.yealand.com) and shall also be available on request from the Administrator via telephone on 0345 602 9548 or for inspection at its registered office.

27 **Risk factors**

Potential investors should consider the following risk factors before investing in the Company.

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

(e) 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.

(f) The ACD may apply a dilution levy 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.

(g) 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.

(h) 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.

(i) 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.

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

(k) 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.

(l) 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.

(m) 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.

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

## 28 **Fees and Expenses**

### 28.1 **General**

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the ACD or other companies in its group.

28.2 The ACD may pay out of the property of the Company or Fund as the case may be charges and expenses incurred by the Company or particular Fund, which will include the following expenses (all references to the Company include reference to a Fund as appropriate):

28.2.1 the current Annual Management Charge payable to the ACD pursuant to Appendix 1 (the "ACD Fee") and any expenses properly incurred by the ACD (the ACD will pay the fees of the Portfolio Manager and the Administrator out of the ACD fee);

28.2.2 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;

28.2.3 any costs incurred in or about the listing of Shares in the Company on any stock exchange, and the creation, conversion and cancellation of Shares;

28.2.4 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or other permitted medium;

28.2.5 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;

28.2.6 any fees, expenses or disbursements of any legal or other professional adviser of the Company;

28.2.7 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;

28.2.8 any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;

28.2.9 liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property in consideration for the issue of Shares as more fully



- detailed in the Regulations;
- 28.2.10 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 28.2.11 taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- 28.2.12 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 28.2.13 the fees of the FCA under the FCA Rules, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Company are or may be marketed;
- 28.2.14 the Depository's expenses, as detailed in paragraph 30 below;
- 28.2.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 28.2.16 any costs incurred in preparing, translating, producing (including printing), distributing and modifying the instrument of incorporation, the prospectus, the key investor information document or any successor document or reports, accounts, statements, contract notes and other like documentation or any other relevant documentation required under the Regulations;
- 28.2.17 the costs of any licenses required to enable the Company to use, or quote, names which would normally be under copyright, in any country including the UK;
- 28.2.18 any fees associated with any regulatory reporting or other obligations of the Company e.g. reporting as a counterparty to derivatives or other investment transactions;
- 28.2.19 any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations (part of the risk monitoring process);
- 28.2.20 any payments otherwise due by virtue of the Regulations; and
- 28.2.21 any value added or similar tax relating to any charge or expense set out herein.
- 28.3 To the extent that any Scheme Property of the Company, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to the fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between the Funds in a manner which it reasonably believes to be fair to all Shareholders of the Company.
- 28.4 The allocation of expenses between capital and income is stipulated in Appendix 1. In the event that income expenses are permitted to be treated as capital expenses, such treatment may result in capital erosion or constrain capital growth.

- 29                   **Charges payable to the ACD**
- 29.1               In payment for carrying out its duties and responsibilities the ACD is entitled to be paid the ACD Fee out of the Scheme Property. The Portfolio Manager's and Administrator's fees and expenses are paid by the ACD out of the ACD Fee.
- 29.2               The ACD Fee accrues daily and is due monthly on the first Valuation Point in each calendar month in respect of the period since the first Valuation Point in the preceding month and is payable within seven days. The fee is calculated by reference to the value of each Fund at the last dealing valuation point of the prior month. The fee is payable out of the property attributable to the relevant Fund. The current ACD Fee for each Fund available in the Company is set out in Appendix 1.
- 29.3               The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in Shares.
- 29.4               If a Fund's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Fund.
- 29.5               The ACD may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the Scheme Property of the Fund or the initial charge except in accordance with the FCA Rules and after the ACD has made available the new rate and the date of its commencement.
- 29.6               The ACD may in its absolute discretion rebate a proportion of the annual management charge back to a Fund.
- 30                   **Depositary's Fees Charges and Expenses**
- 30.1               The Depositary receives for its own account a periodic fee, payable out of the Scheme Property, which will accrue daily and is due monthly on the first Valuation Point in each calendar month in respect of the period since the first Valuation Point in the preceding month and is payable within seven days. The fee is calculated by reference to the value of each Fund at the last dealing valuation point of the prior month. The fee is payable out of the property attributable to the relevant Fund. 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 of each Fund, then 0.025% per annum on the remainder of the Net Asset Value, subject to a minimum of £5,000 per annum, plus VAT. These rates may be varied from time to time in accordance with the FCA Rules. The first accrual in relation to each Fund will take place in respect of the period beginning on the day on which the first valuation of the Fund is made and ending on the first Valuation Point of the following month.
- 30.2               In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

<b>Transaction Charges</b>	<b>Range £3 to £126</b>
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Charges for principal investment markets	UK Crest: £8
	United States: £6
	Germany: £10
	Japan: £6

<b>Custody Charges</b>	<b>Range 0.0025% to 1.08%</b>
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Charges for principal investment markets	UK: 0.0025% p.a.
	United States: 0.005% p.a.
	Germany: 0.0122% p.a.
	Japan: 0.015% p.a.

These charges vary from country to country depending on the markets and the type of transaction involved. 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 accrue and are payable as agreed from time to time by the ACD and the Depositary.

- 30.3 Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Fund 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 the Regulations.
- 30.4 Where applicable the Depositary will also be paid by a Fund for expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Regulations or by the general law.
- 30.5 On a winding up of the Company or the redemption of a Share Class or the termination of a Fund, the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.
- 30.6 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.
- 30.7 In each case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the Regulations by the Depositary.

31 **Shareholder Meetings and Voting Rights**

31.1 **Annual General Meeting**

The Company will not hold annual general meetings. However, the ACD may at its discretion hold shareholder meetings from time to time

31.2 **Requisitions of Meetings**

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

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

31.3 **Notice of Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one Shareholder present in person or by proxy. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

31.4 **Voting Rights**

31.4.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote. A resolution put to the vote of a general meeting must be determined on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least two Shareholders, the chairman of the meeting or the Depositary.

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

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

31.4.4 Except where the Regulations or the instrument of incorporation of the Company 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 the Regulations will be passed by a simple majority of the votes validly cast for and against the resolution.

31.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor

any associate (as defined in the Regulations) of the ACD is entitled to vote at any meeting of a Fund or the Company as a whole except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where a resolution is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under COLL 4.4.8R(4) from voting, it shall not be necessary to convene a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution, 75% or more, of the Shares in issue.

31.4.6 “Shareholders” in this context means Shareholders on the Register on a record date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

### 31.5 **Class Meetings**

The above provisions, unless the context otherwise requires, apply to Share Class meetings and general meetings of each Fund as they apply to general meetings of the Company, but by reference to the Shares of the Share Class or Fund concerned and the holders and prices of such Shares of Fund.

### 31.6 **Changes to the Funds**

31.6.1 Changes to the operation of a Fund fall within one of the following three categories:

31.6.2 Fundamental events which change the nature of the Fund or the basis on which the investor invested. For example, changes to the investment objective, risk profile or something that would cause material prejudice to the investors would require investor approval.

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

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

### 32 **Taxation**

The following summary is based on UK law and HMRC practice current at the date of this Prospectus. It is intended to offer general guidance on the UK taxation of the Company and the holding of Shares and is applicable only to resident or ordinarily resident UK persons who are the absolute beneficial owners of Shares and who hold Shares as investments. However, it does not take into account individual circumstances and it should not be regarded as legal or tax advice nor as

removing the desirability of taking separate professional advice. If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future and there can be no guarantee that a tax position or proposed tax position prevailing at the time of investment in the Company is made will endure indefinitely.

Investors should also refer to any tax information given in Appendix 1.

## **32.1 Taxation of the Company**

As each Fund is for tax purposes treated as a separate open-ended investment company each of the Funds and its investors are treated as if each Fund is a company. Each Fund and its investors are subject to the provisions set out in The Authorised Investment Funds (Tax) Regulations 2006.

### **32.1.1 Tax on Capital Gains**

As an open-ended investment company, each of the Funds is not, under current rules, subject to UK taxation on chargeable gains arising on the disposal of their investments. However, should the Company be treated by HMRC as trading in securities, under current law, any gains made on disposal of investments will be treated as trading income and taxed accordingly. Paragraphs 14.7 and 14.8 deal with the capital gains tax position in relation to switching Shares in one Fund for Shares in another Fund and switching Income and Accumulation shares.

### **32.1.2 Corporation Tax on Income**

The Funds will each be liable to corporation tax at the rate applicable to open-ended investment companies, currently 20%, on its taxable income after relief for allowable expenses (which should include fees payable to the ACD and to the Depositary if charged to income). Dividends and similar income distributions received from UK companies (whether or not UK resident) and from UK authorised unit trusts should normally be exempt from corporation tax. To the extent that a Fund pays an interest distribution for any period, it will normally be able to deduct the amount of that distribution in computing its taxable income for corporation tax purposes for that period. This should reduce or eliminate its liability to corporation tax for the period in question.

### **32.1.3 Relief for Foreign Withholding Taxes**

To the extent that a Fund receives income from, or realises gains on disposals of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions, depending on the provisions of the relevant local law and the terms of any applicable double taxation treaty entered into by the UK. It may be possible for this foreign tax to be credited against the UK corporation tax charge on the relevant Fund under an appropriate double taxation treaty or, where no treaty provisions exist, relief may be given unilaterally under UK domestic law or treated as an expense for any UK corporation tax purposes (up to the amount of UK equivalent tax so chargeable in the year on each foreign source).

#### 32.1.4 **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:

##### **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.

##### **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.

#### 32.2 **The Shareholder**

The Company will make dividend distributions except where more than 60% of its property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

##### **Taxation of Income**

The Company will pay dividend distributions (which will be automatically retained in the Company in the case of Accumulation Shares). Individuals liable to income tax at basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual dividend allowance.

Where the Company pays an interest distribution (which will be automatically retained in the Company in the case of Accumulation Shares) this will be net of the basic rate of tax. Non-taxpayers may reclaim the tax credits on interest distributions paid, and where the interest falls within the starting rate (on savings income) taxpayers may reclaim part of them. Higher and additional rate taxpayers will have a further income tax liability on the amount declared.

##### **Tax Vouchers**

A tax voucher will be issued. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

## **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 within the same Fund.

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.

**The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) and apply only to UK resident or ordinarily resident investors who are the absolute beneficial owners of Shares and their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities). Any investor who is in any doubt as to his UK tax position in relation to the holding of Shares in any of the Funds should consult his UK professional adviser.**

## **33 Income Equalisation**

33.1 Income equalisation, as explained below, may apply in relation the Company, as detailed in Appendix 1.

33.2 Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during an accounting period.

33.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

## **34 Winding up of the Company or a Fund**

34.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the Regulations.

34.2 Where the Company is to be wound up under the Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the Regulations if there is a vacancy in the position of ACD at the relevant time.

34.3 The Company may be wound up under the Regulations if:

34.3.1 an extraordinary resolution to that effect is passed by Shareholders; or



- 34.3.2 the period (if any) fixed for the duration of the Company by the instrument of incorporation expires, or an event (if any) occurs on the occurrence of which the instrument of incorporation provides that the Company is to be wound up;
- 34.3.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the winding up of the Company;
- 34.3.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any scheme property; or
- 34.3.5 on the date on which all the Funds fall within 34.3.4 or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.
- 34.4 On the occurrence of any of the above:
  - 34.4.1 the parts of the FCA Rules and the instrument of incorporation relating to Single Pricing and Dealing and Investment and Borrowing respectively, will cease to apply to the Company;
  - 34.4.2 the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;
  - 34.4.3 no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
  - 34.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and
  - 34.4.5 the corporate status and powers of the Company and, subject to the provisions of paragraphs 34.4.1 to 34.4.4 above, the powers of the ACD shall remain until the Company is dissolved.
- 34.5 The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company; and
- 34.6 Liabilities of the Company attributable or allocated to a particular Fund shall be met solely out of the property attributable or allocated to that Fund.
- 34.7 After paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, the ACD may arrange for the Depositary to make one or more interim distributions and then a final distribution of the proceeds of the realisation of the property attributable or allocated to each Fund to the Shareholders in each Fund proportionately to the rights to participate in the property attached to their respective Shares.
- 34.8 If the Company is to be wound up in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to wind-up the Company in accordance with the resolution of Shareholders approving such scheme.
- 34.9 As soon as reasonably practicable after completion of the winding up of the Company, the Depositary shall notify the FCA that the winding up has been

completed.

- 34.10 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 34.11 Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) within two months of the completion of the winding up.
- 34.12 A Fund must not be wound up except under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC Regulations) as an unregistered company or terminated except under the Regulations.
- 34.13 A Fund may be terminated under the Regulations if:
- 34.13.1 if an extraordinary resolution of the Shareholders of such Fund is passed to that effect; or
- 34.13.2 on the date of effect stated in any agreement by the FCA to a request by the ACD for the termination of such Fund;
- 34.13.3 the period (if any) fixed for the duration of the Fund by the instrument of incorporation expires or any event occurs, for which the instrument of incorporation provides that the Fund is to be wound up or terminated (for example a Fund shall be terminated by the ACD in its absolute discretion if one year from the date of the first issue of Shares relating to that Fund or at any date thereafter the Net Asset Value of the Fund is less than £5,000,000); or
- 34.13.4 on the effective date of a duly approved scheme of arrangement which is to result in that Fund ceasing to hold any scheme property.
- 34.14 On the termination of a Fund the ACD is required as soon as practicable after the time the Fund falls to be terminated to realise the property of the Fund and pay the liabilities of the Fund out of the proceeds.
- 34.15 After making adequate provision for the expenses of the termination and the discharge of any outstanding liabilities, the ACD may arrange for the Depositary to make interim distributions and then a final distribution of the proceeds of the realisation of the property of the Fund to the holders of the Fund proportionately to the right to participate in the property attached to their respective Shares.
- 34.16 If the Fund is to be terminated in accordance with a approved scheme of amalgamation or reconstruction, the ACD is required to terminate the Fund in accordance with the resolution of holders approving such scheme.
- 34.17 Where the Company and one or more holders (other than the ACD) agree, the requirement to realise the property of the Fund shall not apply to that part of the property which is proportionate to the right of that or those holders, and the ACD may distribute that part in the form of property, after making such adjustments or

retaining such provision as appears to the ACD appropriate for ensuring that those holders bear a proportionate share of the liabilities and expenses.

34.18 If any sum of money is unclaimed or stands to the account of the property of the Fund, the ACD shall instruct the Depositary to retain such sum in an account separate from any other part of the property of the Company in accordance with the Rules. On the dissolution of the Company the Depositary shall cease to hold those amounts as part of that account and they shall be paid or lodged by the Depositary in accordance with the OEIC Regulations.

## 35 **General Information**

### 35.1 **Accounting Periods**

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

### 35.2 **Income Allocations**

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

35.2.2 Allocations of income in respect of Income Shares of the Funds may be made quarterly on or before the last day of February, 31 May, 31 August and on 30 November each year. Income may be paid by cheque sent to the first named Shareholders' registered address or by payment directly into certain bank and building society accounts on or before the last Business Day in each accounting period or be reinvested.

35.2.3 Where Accumulation Shares are available for investment, the income which would otherwise have been allocated and distributed will be retained as part of the capital property of the relevant Fund at the end of each accounting period so augmenting the value of such Shares. No additional Shares are issued for such accumulations of income.

35.2.4 A re-investment facility is available.

35.2.5 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund.

35.2.6 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Fund in respect of that period, and deducting the charges and expenses of the Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

### 35.3 **Annual Reports**

Annual long-form reports of the Company will be published within two months of each annual accounting period and half-yearly long-form reports will be published within two months of each interim accounting period. The long form reports are available upon request. The Company at its discretion may also publish short form reports. The accounts for each Fund shall show all classes of Share in that Fund.

If published, the annual short report of each Fund will disclose;

- a) The percentage of the Fund's assets that are subject to special arrangements arising from their illiquid nature.
- b) Any new arrangements for managing the liquidity of the Fund.
- c) The current risk profile of the Fund and the risk management systems employed by the ACD to manage these risks.
- d) Any changes to the maximum level of leverage that the ACD may employ on behalf of the Fund.
- e) Any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- f) The total amount of leverage employed by the Fund.

### 35.4 **Documents of the Company**

35.4.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the ACD at Stuart House, St. John's Street, Peterborough PE1 5DD:

- a) the most recent annual and half-yearly reports of the Company;
- b) the instrument of incorporation (and any amending instrument of incorporation);
- c) the current Key Investor Information Documents (KIIDs); and
- d) the most recent prospectus of the Company.

35.4.2 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 or Fund as the case may be from the address given in 35.4.1 above.

35.4.3 Potential Shareholders may obtain copies of the long and short reports from the above address.

35.4.4 Notices of meetings and adjourned meetings will be sent to Shareholders at their registered address.

35.4.5 The ACD may make a charge at its discretion for copies of documents, except for those documents listed in paragraph 35.4.1 above which will be supplied to any person free of charge on request.

### 35.5 **Remuneration Policy**

FCA Regulation SYSC 19E requires any firm that is a UK UCITS management company to explain how it complies with the UCITS V remuneration requirements (the Remuneration Code).

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](http://www.Yealand.com). A paper copy is available free of charge upon request.

### 35.6 **Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the compliance officer of the ACD at Stuart House, St. John's Street, Peterborough PE1 5DD. Complaints may be made by telephone on 01733 316143. A copy of ACD's complaints handling procedure is available on request. If an investor is not satisfied with the outcome of the ACD's investigation into their complaint, the matter may then be referred to the Financial Services Ombudsman at Exchange Tower London E14 9SR.

### 35.7 **Property**

The Company and the Funds will not invest in immovable or tangible movable property.

### 35.8 **Dealing Commissions**

The Portfolio Manager as part of providing investment management and advisory services to the Funds, may from time to time, enter into arrangements with brokers, under which the broker will provide or procure services that relate to execution or research which meet the criteria specified by the FCA and can be reasonably expected to assist in the provision of investment services. These costs are not

directly charged to the client, but form part of the normal dealing costs incurred by the Funds.

35.9 **Language**

The ACD shall supply all information and communicate with you in English during the course of their relationship with you.

35.10 **Past Performance**

The historical performance of the Company is illustrated in Appendix 6. Past performance should not be seen as a guide to future performance.

35.11 **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](http://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 the prospectus.

35.12 **Professional Indemnity Insurance**

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.

35.13 **Fair Treatment Statement**

As at the date of this prospectus, The ACD has conducted a "Treating Customers fairly" Self-Assessment, which examines its customer treatment and tests its product Design against the FCA's "Six Outcomes".

35.14 **Execution and Voting Policy**

A copy of the ACD's order execution policy is available upon request. The ACD delegates day-to-day portfolio management to the Portfolio Manager. The Portfolio Manager has discretion to execute trades on approved markets and its execution policies have been reviewed by the ACD and judged satisfactory and in

compliance with regulatory requirements. The Portfolio Manager may exercise the Company's voting rights at its discretion.

35.15

**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.

## APPENDIX 1

Investment of the Funds' assets must comply with the Regulations and their own investment objective and policy set out below together with certain other information. A detailed statement of the investment and borrowing restrictions applicable to the Company and each Fund is contained in Appendix 2. A list of the eligible securities and derivatives markets on which the Company and the Funds may invest is contained in Appendix 3.

**YFS Vermeer Partners Growth Portfolio Fund** – Reference number: 1002472

### **Investment Objective**

The objective of the YFS Vermeer Partners Growth Portfolio Fund is to provide capital growth for investors with a time horizon of 5 years (net of fees).

### **Investment Policy**

The investment policy by which the Fund will seek to achieve its objective is to invest in a diversified global portfolio of equities (65% to 100%) and bonds (0% to 35%) either directly or indirectly. The equity allocation may be cut towards the bottom of the range in responding and managing macroeconomic conditions. The Fund may invest in alternative assets (0% to 35% indirectly) that may include Collective Investment Schemes ("CIS") that invest indirectly in real estate or in commodities. The Fund may also invest in warrants, money market instruments, cash, near cash and deposits.

The Fund is actively managed and has, with the exception of the above noted restrictions, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Fund depending on their view of market conditions and the assets which it believes are most likely to achieve the Fund's investment objective.

Indirect investment in equities and bonds will be achieved by investing in regulated CIS, exchange traded funds, investment trusts or structured products (products which usually offer a fixed-term pre-defined return linked to the performance of a range of assets or indices) or a combination of each. The Fund may invest in CIS which are managed by the ACD, Portfolio Manager, or their associates. Indirect investments will generally be directed toward funds which invest primarily in equities and debt securities.

Derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging.

### **Comparator Benchmark**

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

The Sector has been recommended for comparison purposes as the flexible nature of the Fund's Investment Policy. Due to the nature of the flexibility afforded within the Sector, performance comparisons against the Sector may be least representative during periods of very strong performance (either positive or negative) in particular markets which the Fund 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 Portfolio Manager in the way in which the Fund'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.**

### Target Market

The Fund is suitable for an investor seeking to achieve capital growth who is committed to a mid term investment in the Fund (a minimum of five years). The Fund is unlikely to be compatible with the requirements of an investor:

- looking for a guaranteed return; or
- seeking full capital protection; or
- who does not have sufficient resources to bear any loss resulting from the investment;

or

- who is not able to evaluate the risks and merits of the Fund; or
- with a short-term (less than five years) investment horizon.

Classes of Share	Accumulation Shares
	Income Shares
Currency of Denomination	UK sterling
Minimum Initial Investment	'A' Share Class £5,000,000 & 'B' Share Class £100,000
Minimum Subsequent Investment	£10,000
Minimum Withdrawal	£10,000
Minimum Holding	'A' Share Class £5,000,000 & 'B' Share Class £100,000

The Annual Management Charge will comprise:

- a) the ACD fee:
- |                      |                  |
|----------------------|------------------|
| Fund Size £0 to £50m | 0.04% (4 bps)    |
| £50m to £100m        | 0.03% (3 bps)    |
| £100m to £350m       | 0.02% (2 bps)    |
| £350m to £600m       | 0.015% (1.5 bps) |
| Remainder            | 0.01% (1 bps)    |
- Subject to a minimum annual fee of £15,000\*

- b) the Administration fee: Fund Size £0 to £50m 0.06% (6 bps)  
£50m to £100m 0.05% (5 bps)  
£100m to £500m 0.03% (3 bps)  
£500m to £1000m 0.02% (2 bps)  
Remainder 0.01% (1 bps)  
Subject to a minimum annual fee of £25,000\*
- c) the Portfolio Manager's fee: 'A' Share Class 1.00% & 'B' Share Class 0.75%

Preliminary Charge maximum percentage 0%

Expenses charged to Capital

\* The minimum ACD service fee and the Administrator's base fee and minimum charge will each be subject to an annual increase on the 1 January each year at the rate of the prevailing UK Retail Prices Index.

**Derivatives and forward transactions may be used for investment purposes on providing shareholders with 60 days' advance notice, which may make the portfolio composition of the Funds highly volatile.**

**The possible effect on the risk profile of the Fund from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure; although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments. The use of derivatives for investment purposes would increase the risk profile of the Fund due to the potential volatility of the instruments, indices and rates underlying the relevant derivative transactions.**

**YFS Vermeer Partners Portfolio Fund** – Reference number: 1002473

### **Investment Objective**

The objective of the YFS Vermeer Partners Portfolio Fund is to provide capital growth as well as generating an income for investors with a 5-year time horizon (net of fees).

### **Investment Policy**

The investment policy by which the Fund will seek to achieve its objective is to invest in a diversified global portfolio of equities (50% to 75%) and bonds (0% to 25%) either directly or indirectly. The equity allocation may be cut towards the bottom of the range in responding and managing macroeconomic conditions. The Fund may invest in alternative assets (0% to 25% indirectly) that may include Collective Investment Schemes (“CIS”) that invest indirectly in real estate or in commodities. The Fund may also invest in warrants, money market instruments, cash, near cash and deposits.

The Fund is actively managed and has, with the exception of the above noted restrictions, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Fund depending on their view of market conditions and the assets which it believes are most likely to achieve the Fund’s investment objective.

Indirect investment in equities and bonds will be achieved by investing in regulated CIS, exchange traded funds, investment trusts or structured products (products which usually offer a fixed-term pre-defined return linked to the performance of a range of assets or indices) or a combination of each. The Fund may invest in CIS which are managed by the ACD, Portfolio Manager, or their associates. Indirect investments will generally be directed toward funds which invest primarily in equities and debt securities.

Derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging.

### **Comparator Benchmark**

To gauge the relative performance of the Fund, Shareholders may compare the Fund’s performance against the Investment Association’s Mixed Investment 40-85% Shares Investment Sector (the “Sector”). Further information on the Sector can be obtained from [www.theia.org/industry-data/fund-sectors/definitions](http://www.theia.org/industry-data/fund-sectors/definitions).

The Sector has been recommended for comparison purposes as the mixed nature of the Fund’s Investment Policy. Due to the nature of the variety afforded within the Sector, performance comparisons against the Sector may be least representative during periods of very strong performance (either positive or negative) in particular markets which the Fund 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 Portfolio Manager in the way in which the Fund’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.**

## Target Market

The Fund is suitable for an investor seeking to achieve growth in capital and income who is committed to a mid term investment in the Fund (a minimum of five years). The Fund is unlikely to be compatible with the requirements of an investor:

- looking for a guaranteed return; or
- seeking full capital protection; or
- who does not have sufficient resources to bear any loss resulting from the investment;

or

- who is not able to evaluate the risks and merits of the Fund; or
- with a short-term (less than five years) investment horizon.

Classes of Share	Accumulation Shares
	Income Shares
Currency of Denomination	UK sterling
Minimum Initial Investment	'A' Share Class £5,000,000 & 'B' Share Class £100,000
Minimum Subsequent Investment	£10,000
Minimum Withdrawal	£10,000
Minimum Holding	'A' Share Class £5,000,000 & 'B' Share Class £100,000

The Annual Management Charge will comprise:

d) the ACD fee:	Fund Size £0 to £50m 0.04% (4 bps) £50m to £100m 0.03% (3 bps) £100m to £350m 0.02% (2 bps) £350m to £600m 0.015% (1.5 bps) Remainder 0.01% (1 bps) Subject to a minimum annual fee of £15,000*
e) the Administration fee:	Fund Size £0 to £50m 0.06% (6 bps) £50m to £100m 0.05% (5 bps) £100m to £500m 0.03% (3 bps) £500m to £1000m 0.02% (2 bps) Remainder 0.01% (1 bps) Subject to a minimum annual fee of £25,000*
f) the Portfolio Manager's fee:	'A' Share Class 1.00% & 'B' Share Class 0.75%

Preliminary Charge maximum percentage 0%

Expenses charged to Capital

\* The minimum ACD service fee and the Administrator's base fee and minimum charge will each be subject to an annual increase on the 1 January each year at the rate of the prevailing UK Retail Prices Index.

**Derivatives and forward transactions may be used for investment purposes on providing shareholders with 60 days' advance notice, which may make the portfolio composition of the Funds highly volatile.**

**The possible effect on the risk profile of the Fund from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure; although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments. The use of derivatives for investment purposes would increase the risk profile of the Fund due to the potential volatility of the instruments, indices and rates underlying the relevant derivative transactions.**

### **Investment Objective**

The objective of the YFS Vermeer Partners Income Portfolio Fund is to provide income and capital growth, with a focus of income generation for investors on a 5-year time horizon (net of fees).

### **Investment Policy**

The investment policy by which the Fund will seek to achieve its objective is to invest in a diversified global portfolio, typically of dividend paying equities (50% to 75%), and bonds (0% to 25%) either directly or indirectly. The Fund may invest in alternative assets (0% to 25% indirectly) that may include Collective Investment Schemes (“CIS”) that invest indirectly in real estate or in commodities. The Fund may also invest in warrants, money market instruments, cash, near cash and deposits.

The Fund is actively managed and has, with the exception of the above noted restrictions, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Fund depending on their view of market conditions and the assets which it believes are most likely to achieve the Fund’s investment objective.

Indirect investment in equities and bonds will be achieved by investing in regulated CIS, exchange traded funds, investment trusts or structured products (products which usually offer a fixed-term pre-defined return linked to the performance of a range of assets or indices) or a combination of each. The Fund may invest in CIS which are managed by the ACD, Portfolio Manager, or their associates. Indirect investments will generally be directed toward funds which invest primarily in equities and debt securities.

Derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging.

### **Comparator Benchmark**

To gauge the relative performance of the Fund, Shareholders may compare the Fund’s performance against the Investment Association’s Mixed Investment 40-85% Shares Sector (the “Sector”). Further information on the Sector can be obtained from [www.theia.org/industry-data/fund-sectors/definitions](http://www.theia.org/industry-data/fund-sectors/definitions).

The Sector has been recommended for comparison purposes as the mixed nature of the Fund’s Investment Policy. Due to the nature of the variety afforded within the Sector, performance comparisons against the Sector may be least representative during periods of very strong performance (either positive or negative) in particular markets which the Fund 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 Portfolio Manager in the way in which the Fund’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.**

## Target Market

The Fund is suitable for an investor seeking income and capital growth who is committed to a mid term investment in the Fund (a minimum of five years). The Fund is unlikely to be compatible with the requirements of an investor:

- looking for a guaranteed return; or
- seeking full capital protection; or
- who does not have sufficient resources to bear any loss resulting from the investment;

or

- who is not able to evaluate the risks and merits of the Fund; or
- with a short-term (less than five years) investment horizon.

Classes of Share	Accumulation Shares Income Shares
Currency of Denomination	UK sterling
Minimum Initial Investment	'A' Share Class £5,000,000 & 'B' Share Class £100,000
Minimum Subsequent Investment	£10,000
Minimum Withdrawal	£10,000
Minimum Holding	'A' Share Class £5,000,000 & 'B' Share Class £100,000

The Annual Management Charge will comprise:

- |                                 |  |
|---------------------------------|--|
| g) the ACD fee:                 | Fund Size £0 to £50m 0.04% (4 bps)<br>£50m to £100m 0.03% (3 bps)<br>£100m to £350m 0.02% (2 bps)<br>£350m to £600m 0.015% (1.5 bps)<br>Remainder 0.01% (1 bps)<br>Subject to a minimum annual fee of £15,000* |
| h) the Administration fee:      | Fund Size £0 to £50m 0.06% (6 bps)<br>£50m to £100m 0.05% (5 bps)<br>£100m to £500m 0.03% (3 bps)<br>£500m to £1000m 0.02% (2 bps)<br>Remainder 0.01% (1 bps)<br>Subject to a minimum annual fee of £25,000*   |
| i) the Portfolio Manager's fee: | 'A' Share Class 1.00% & 'B' Share Class 0.75%  |

Preliminary Charge maximum percentage 0%

Expenses charged to Capital

\* The minimum ACD service fee and the Administrator's base fee and minimum charge will each be subject to an annual increase on the 1 January each year at the rate of the prevailing UK Retail Prices Index.

**Derivatives and forward transactions may be used for investment purposes on providing shareholders with 60 days' advance notice, which may make the portfolio composition of the Funds highly volatile.**

**The possible effect on the risk profile of the Fund from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure, although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments. The use of derivatives for investment purposes would increase the risk profile of the Fund due to the potential volatility of the instruments, indices and rates underlying the relevant derivative transactions.**



### **Investment Objective**

The objective of the YFS Vermeer Partners Conservative Portfolio Fund is to provide capital growth as well as generating an income for investors with a three-year time horizon (net of fees).

### **Investment Policy**

The investment policy by which the Fund will seek to achieve its income and capital objectives are to invest in a diversified global portfolio, typically with a focus on bonds (25% to 80%), and predominantly in dividend paying equities (20% to 50%) either directly or indirectly. The Fund may invest in alternative assets (0% to 50% indirectly) that may include Collective Investment Schemes (“CIS”) that invest indirectly in real estate or in commodities. The Fund may also invest in warrants, money market instruments, cash, near cash and deposits.

The Fund is actively managed and has, with the exception of the above noted restrictions, no limit to which it can be invested in each sector or asset type, nor is there any particular geographic focus. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Fund depending on their view of market conditions and the assets which it believes are most likely to achieve the Fund’s investment objective.

Indirect investment in equities and bonds will be achieved by investing in regulated CIS, exchange traded funds, investment trusts or structured products (products which usually offer a fixed-term pre-defined return linked to the performance of a range of assets or indices) or a combination of each. The Fund may invest in CIS which are managed by the ACD, Portfolio Manager, or their associates. Indirect investments will generally be directed toward funds which invest primarily in equities and debt securities.

Derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging.

### **Comparator Benchmark**

To gauge the relative performance of the Fund, Shareholders may compare the Fund’s performance against the Investment Association’s Mixed Investment 20-60% Shares Investment Sector (the “Sector”). Further information on the Sector can be obtained from [www.theia.org/industry-data/fund-sectors/definitions](http://www.theia.org/industry-data/fund-sectors/definitions).

The Sector has been recommended for comparison purposes as the mixed nature of the Fund’s Investment Policy. Due to the nature of the variety afforded within the Sector, performance comparisons against the Sector may be least representative during periods of very strong performance (either positive or negative) in particular markets which the Fund 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 Portfolio Manager in the way in which the Fund’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.**

## Target Market

The Fund is suitable for an investor seeking income with capital returns who is committed to a short term investment in the Fund (a minimum of 3 years). The Fund is unlikely to be compatible with the requirements of an investor:

- looking for a guaranteed return; or
- seeking full capital protection; or
- who does not have sufficient resources to bear any loss resulting from the investment;

or

- who is not able to evaluate the risks and merits of the Fund; or
- with a mid or long-term (more than five years) investment horizon.

Classes of Share	Accumulation Shares Income Shares
Currency of Denomination	UK sterling
Minimum Initial Investment	'A' Share Class £5,000,000 & 'B' Share Class £100,000
Minimum Subsequent Investment	£10,000
Minimum Withdrawal	£10,000
Minimum Holding	'A' Share Class £5,000,000 & 'B' Share Class £100,000

The Annual Management Charge will comprise:

- |                                 |  |
|---------------------------------|--|
| a) the ACD fee:                 | Fund Size £0 to £50m 0.04% (4 bps)<br>£50m to £100m 0.03% (3 bps)<br>£100m to £350m 0.02% (2 bps)<br>£350m to £600m 0.015% (1.5 bps)<br>Remainder 0.01% (1 bps)<br>Subject to a minimum annual fee of £15,000* |
| b) the Administration fee:      | Fund Size £0 to £50m 0.06% (6 bps)<br>£50m to £100m 0.05% (5 bps)<br>£100m to £500m 0.03% (3 bps)<br>£500m to £1000m 0.02% (2 bps)<br>Remainder 0.01% (1 bps)<br>Subject to a minimum annual fee of £25,000*   |
| c) the Portfolio Manager's fee: | 'A' Share Class 1.00% & 'B' Share Class 0.75%  |

Preliminary Charge maximum percentage	0%
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Expenses charged to	Capital
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\* The minimum ACD service fee and the Administrator's base fee and minimum charge will each

be subject to an annual increase on the 1 January each year at the rate of the prevailing UK Retail Prices Index.

**Derivatives and forward transactions may be used for investment purposes on providing shareholders with 60 days' advance notice, which may make the portfolio composition of the Funds highly volatile.**

**The possible effect on the risk profile of the Fund from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure, although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments. The use of derivatives for investment purposes would increase the risk profile of the Fund due to the potential volatility of the instruments, indices and rates underlying the relevant derivative transactions.**

## APPENDIX 2 - Investment Powers and Restrictions

### 1 General

The Company is an “umbrella company”, which is a type of company, under the OEIC Regulations, which comprises various sub-funds or Funds, each of which is operated as a distinct fund with its own portfolio of investments. For these purposes a Fund will be treated as if it was a separate scheme.

The investments of the Funds in respect of which Shares are currently available will normally consist only of:

- (i) transferable securities (including shares, warrants and debentures);
- (ii) money market instruments;
- (iii) units in collective investment schemes;
- (iv) derivatives and forward transactions;
- (v) deposits;

The following investment restrictions apply to each Fund separately and references to “scheme property” shall mean the scheme property of the Company attributable to the relevant Fund and references to “the Fund” shall be construed as references to each and every individual Fund. No Fund will maintain an interest in immovable property or tangible movable property.

### 2 Transferable securities

- 2.1 Transferable securities must be admitted to or dealt in on an eligible market within COLL 5.2.10R (eligible markets requirements) or be 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. Up to 10% of the value of the scheme property may be invested in transferable securities which are not approved securities. For the avoidance of doubt, investment in transferable securities that are not approved securities, in unregulated collective investment schemes (described in paragraph 4.2.5 below) and in money market instruments which are liquid and have a value which can be determined accurately at any time (as described in paragraph 3.1 below) are subject, in aggregate, to the limit of 10% of the value of the Scheme Property.
- 2.2 Up to 5% of the scheme property may be invested in transferable securities, other than Government and public securities, or money market instruments issued by any single body. In applying this, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 2.3 Up to 35% of the value of the scheme property may be invested in Government and public securities issued by any one issuer, without further restriction. “Government and public securities” include securities issued by the UK Government, the government of any country outside the UK, a local authority in the UK or elsewhere or a body the members of which comprise states including the UK or an EEA State.
- 2.4 More than 35% in value of the investments of the scheme property can be invested in Government and public securities issued or guaranteed on behalf of 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 for Wiederaufbau, LCR Finance plc and Nordic Investment Bank, provided that no more than 30% in value of the scheme property may consist of securities comprised in any one such issue and the scheme property must comprise at least six different issues whether of that issuer or another issuer and that the ACD has consulted the Depositary and, as a result, considers the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund.

### 3 **Money Market Instruments**

- 3.1 Up to 100% in value of the scheme property can consist of money market instruments which are admitted to or normally dealt on “eligible markets”, as defined in the FCA Regulations. Up to 20% in value of the scheme property can be invested in money market instruments which are liquid and have a value which can be determined accurately at any time.
- 3.2 Notwithstanding the above, up to 5% of the scheme property may be invested in money market instruments (or transferable securities) issued by any single body.

### 4 **Investment in Collective Investment Schemes**

- 4.1 Except where the investment policy of the Fund is inconsistent with this, up to 100% in value of the scheme property may be invested in units in other collective investment schemes although not more than **20%** in value of the scheme property is to consist of the units of any one collective investment scheme. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD, subject to the rules in Rule 5.2.11 (R) of the FCA Rules.
- 4.2 Any investee scheme must:
- 4.2.1 be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (Directive 85/611/EEC), as amended; or
- 4.2.2 be a recognised scheme; or
- 4.2.3 be authorised as a *Non-UCITS retail scheme*; or
- 4.2.4 be constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a *UCITS retail scheme*; or
- 4.2.5 be a scheme not falling within 4.2.1 – 4.2.4 above and in respect of which no more than 10% in value of the scheme property (including any transferable securities which are not approved securities) is invested.
- 4.3 The investee scheme must also (i) operate on the basis of the prudent spread of risk; (ii) be prohibited from having more than 10% in value of the scheme property consisting of units in collective investment schemes; and (iii) the participants in the investee scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme. As an umbrella scheme, the

provisions in (i) to (iii) and COLL 5.2.11 (R) apply to each Fund as if it were a separate scheme.

4.4 The maximum level of management fees that may be charged to the Fund for investments in collective investment schemes will be 3.5% and the maximum level of management fees that may be charged to the collective investment schemes into which the Fund will invest will be 2% per annum.

4.5 The Fund may invest in or dispose of units in another collective investment scheme managed by (or if it is an ICVC, has as its authorised corporate director) the ACD, provided that the ACD is under a duty to credit the Fund by the close of business on the third Business Day next after the agreement to buy or to sell the amount referred to in (a) and (b):

(a) on investment, either:

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

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

(b) on disposal, the amount of any charge made for the account of the ACD or operator of the second scheme or an associate of any of them in respect of the disposal.

4.6 Further to paragraph 4.5 above, any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy or SDRT provision is to be treated as part of the price of the units and not as part of any charge.

## 5 **Derivatives and forward transactions**

The ACD may enter into the following types of derivative or forward transaction on behalf of the Fund:

(a) an approved derivative traded on an eligible market; or

(b) an "OTC derivative", comprising either a future, option or contract for differences.

Underlying the derivative must be assets which the Fund could invest in directly, or financial indices, interest rates, foreign exchange rates or currencies.

Any such forward transaction or OTC derivative must be with an approved counterparty, which includes Approved Banks, certain eligible institutions or a person specifically permitted by the FCA (or EEA equivalent) to enter into the transaction off-exchange.

In addition, any such OTC derivative must be on approved terms; the terms of the transaction in derivatives are only approved if the ACD 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 can enter into one or more further transactions to sell, liquidate or close out those transactions at any time at its fair value; and such OTC derivative must be such that the ACD determines that it will be capable of valuation with reasonable accuracy throughout its life, each in accordance with Rule 5.2.23 of the FCA Rules.

The FCA Rules provide that the maximum potential exposure created by a particular transaction must be fully and appropriately “covered” by, as and when permitted under the regulations for such a transaction, cash, “near cash”, other property or rights considered under the FCA Rules to be sufficient to meet any obligation to pay or deliver that could arise. The maximum exposure is only covered if adequate cover from within the scheme property is available to meet the value of the underlying assets, any reasonable market movement, counterparty risk and the time available to liquidate any positions.

Eligible derivatives markets are those which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of, or dealing in, the scheme property with regard to the relevant criteria set out in the FCA Rules.

The eligible derivatives markets for the Company and each of the Funds are set out in Appendix 3.

New eligible derivatives markets may be added to the existing list in accordance with the FCA Rules.

Derivatives may only be used for the account of the Fund for Efficient Portfolio Management and/or hedging purposes and will not be used in circumstances where this would materially alter the risk profile of the Fund or the Company as a whole. Derivatives and forward transactions may be used for investment purposes on providing Shareholders with 60 days’ advance notice, which may make the portfolio composition of the Fund highly volatile.

The possible effect on the risk profile of the Company and each of the Funds from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure, although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments. The use of derivatives for investment purposes would increase the risk profile of the Funds due to the potential volatility of the instruments, indices and rates underlying the relevant derivative transactions.

Investors may obtain on request information relating to the quantitative limits applying in the risk management of the Company, the risk management methods which are used in relation to the Company and any recent developments in the risk and yields of the main categories of investments held by the Company.

The Fund’s exposure to a counterparty in an OTC derivative transaction entered into is to be limited to 5% of the scheme property or 10% where that counterparty is an Approved Bank.

There are also limitations on the proportion of the value of the scheme property that can be invested in combinations of the above types of investment issued by any single body.

## **Deposits**

Up to 20% in value of the scheme property can consist of deposits with a single body. The Fund may invest in deposits with an Approved Bank which are repayable upon demand or have the right to be withdrawn and are maturing in no

more than 12 months.

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

7.1 Up to 5% in value of the scheme property of a Fund may consist of warrants provided that warrants may only be held if it is reasonably foreseeable there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations.

7.2 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 Fund at any time when the payment is required without contravening the FCA Regulations.

7.3 A warrant which is an investment specified in article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the scheme property unless it is listed on an eligible securities market.

## **8 Other**

A Fund may hold cash and “near cash” (such as bills of exchange) for that Fund. At times it is not appropriate to be fully invested. A Fund may hold cash or “near cash” to enable the pursuit of the Fund’s investment objective where this may reasonably be regarded as necessary to enable Shares to be redeemed, for the efficient management of the Fund in accordance with its investment objectives, or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

## **9 Borrowing**

Pursuant to FCA Rules, the ACD has the power to borrow money from an eligible institution or an approved bank for the use of the Fund on terms that the borrowing is to be repayable out of the property of such Fund and borrowings may be arranged with the Depositary, which is an eligible institution. The ACD must ensure that any such borrowings comply with the FCA Rules.

The ACD is obliged under FCA Rules to ensure that borrowing on behalf of the Fund does not exceed 10% of the value of the investments of the Fund on any Business Day. These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes, i.e. borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

In addition to the restrictions imposed by the FCA Rules, the ACD has undertaken to the Funds not to borrow on behalf of the Fund other than for the purposes of Efficient Portfolio Management, i.e. borrowing will not be entered into on behalf of the Fund for gearing purposes.

## **10 Breaches of the Investment and Borrowing Powers and Limits**

Generally, the ACD must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However:



- (a) if the reason for the breach is beyond the control of the ACD and the Depositary, the ACD must take the steps necessary to rectify a breach as soon as is reasonably practicable having regard to the interests of Shareholders, and, in any event, within six months or, if it is transaction involving derivatives and forward transactions, five Business Days; and
- (b) if the exercise of rights conferred by investments held for any Company would involve a breach, the Fund may still exercise those rights if the ACD obtains the prior written consent of the Depositary.

### APPENDIX 3 - List of Eligible Securities Markets

Eligible securities markets are securities markets established in (i) the United Kingdom, (ii) member states of the European Union and other states within the European Economic Area on which transferable securities admitted to official listings are dealt or traded; and (iii) other markets which the ACD, after consultation with the Depositary, has decided are appropriate for the Funds and the Company with regard to the relevant criteria set out in the Regulations and guidance issued by the FCA. Currently these other markets are:

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	Bombay Stock Exchange (BSE)
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)
United States of America	NYSE American

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 4 - List of Directors of the ACD**

Alison Talbot  
Rob Leedham  
Samuel Jackson  
Peter Doyle  
Alastair Hay  
Sian Hill

The following directors have significant business activities not connected with the business of the ACD.

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.

## APPENDIX 5

### LIST OF FUNDS FOR WHICH THE ACD CURRENTLY ACTS AS AUTHORISED FUND MANAGER

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 TOTAL RETURN 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 GROWTH FUND	THE BROADREACH FUND
FIRST ILONA CAUTIOUS FUND	THE EXPLORER GROWTH FUND
FIRST ILONA GROWTH AND INCOME FUND	THE GORDON FUND
FIRST ILONA BALANCED FUND	THE INDEPENDENCE TRUST
FREESIA FUND	THE KEEL BALANCED FUND
GENERATION FUND	THE WALNUT FUND

HAVENROCK FUND
LA SCALA FUND
JUNO FUND
FIESOLE GROWTH FUND
LORIMER TRUST

THE WELLDRY FUND
COUNTESS FUND
THE WYKE FUND
YFS HAWKSBILL EUROPEAN FUND
BLAINWAYS FUND

## **APPENDIX 6**

### **PAST PERFORMANCE**

There is no historical performance data available

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

